UNEMPLOYMENT

A PROBLEM OF INDUSTRY

W. H. BEVERIDGE

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A PROBLEM OF INDUSTRY

BY

W. H. BEVERIDGE

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THIRD EDITION

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TO

MY FATHER AND MY MOTHER

THIS BOOK IS DEDICATED

WITH THE HOPE THAT, IN A DIFFERENT FIELD

OF STUDY FROM THEIRS, IT MAY YET

APPEAR TOUCHED BY SOMETHING

OF THEIR OWN SPIRIT.

PREFACE TO FIRST EDITION.

THIS volume contains a course of lectures delivered in Oxford, during Michaelmas term of the year now ending, for the Delegates of the Common University Fund. Its object is to combine a record of the principal facts of unemployment with a continuous argument as to the causes of unemployment. It includes a good deal of matter from published sources to which in the lectures I merely gave references, and appendices, the most important of which deal with "Public Labour Exchanges in Germany" (reprinted from the *Economic Journal* for March, 1908) and "Methods of Seeking Employment in Great Britain".

I am only too conscious that the treatment given in the following pages to one of the most perplexing and urgent of industrial problems is in many points defective; that, not once but many times, I have been compelled to leave the record of facts or their analysis incomplete, to give probabilities in place of searching for certainties, to turn back unsatisfied from whole fields of inquiry as fascinating as they are important. Among these last is to be mentioned particularly the problem of the underlying causes of cyclical fluctuation in trade and employment. In so far as the main obstacle to further inquiry into these causes has, in my case, been immersion in actual dealing with distress as member of the Central (Unemployed) Body for London during the past three years, I can only hope that the following discussion may prove to have gained on the side of practical experience something to set against what it has lost on the side of theory. After all, whatever may be the underlying causes of cyclical fluctuation, the fact of cyclical fluctuation has to be reckoned with by governments and individuals for many years to come. No analysis of its causes can hope within the range of practical politics, if indeed ever, to dispense with the need for providing against its results.

Another point of incompleteness is involved in the publication of these lectures now rather than six months or a year hence. The trade of the country appears to be passing through a depression more severe, or at least more general, than any that has occurred within recent times. It is possible, therefore, though, I think, not probable, that the experience of Distress Committees during the present winter may be such as to modify considerably some of the conclusions based upon their working in the past. In any case, however, the modification will be one of emphasis rather than of substance. The present winter's experience may bring to light more distress that can truly be called exceptional. It cannot diminish the seriousness of the distress that is chronic. I would gladly have delayed publication in order to test, by the experience of a fresh and in some ways abnormal winter, the conclusions already drawn. Since circumstances make this delay impossible I can only hope that here, too, loss may be counterbalanced by gain and the present volume have additional value as contributing to discussion at a critical moment.

The final chapters serve to define what needs to be done rather than to set out in section and subsection the way of doing it. They must be judged as a statement of remedial policy, not as a compendium of practical reforms. The guiding principle of this policy is the reduction of the question of unemployment to a question of wages. Along that line alone but along that line certainly will the problem of distress through unemployment at last be solved. It is not in any substantial sense insoluble. The main part of it lies within ascertainable limits. It represents, not an immeasurable and irredeemable failure of the existing social system, but incompleteness of organisation at certain points. There is, indeed, something almost fantastic in supposing that a nation capable of raising the edifice of British industry must be forever baffled by the business problem of organising and maintaining adequately the reserve forces of labour.

The question is simply that of determining that the problem shall be solved. Upon that and that alone depends the practicability of all the essential reforms—of the voluntary or compulsory organisation of the labour market, and of the voluntary or compulsory averaging of earnings. "Practicability" is never anything but a relative term—dependent upon the urgency with which an

object is desired and upon the inconveniences which men are prepared to undergo in its pursuit. It is practicable for most people to run a mile to save a life. It is not practicable for any one to run a mile unless he is prepared to get warm. So it is not practicable for a nation to get a mastery of unemployment without being prepared to submit to some change of industrial methods and customs. The problem of unemployment—this is a point that cannot be too strongly emphasised—is insoluble by any mere expenditure of public money. It represents not a want to be satisfied but a disease to be eradicated. It needs not money so much as thought and organisation. It needs above all to be taken seriously. A problem of industrial organisation is not taken seriously so long as it is left to the Poor Law or to "Distress" Committees, so long as it is forgotten with every temporary improvement of trade, so long as it is made a peg on which to hang all other projects of social or political change.

I have to thank many friends for help in the publication of these lectures—more particularly my aunt Mrs. North, who collected and prepared the material for many of the statistical tables; Mr. A. Andrewes-Uthwatt, who read a large part of the proofs and compiled the index; and Mr. J. S. Nicholson, who is mainly responsible for the bibliography and also gave invaluable aid at the last moment in completing statistics and verifying references.

I have to thank also the Editors of the *Albany Review*, the *Contemporary Review* and the *Economic Journal* for placing at my disposal again matter which had already appeared in those periodicals.

W. H. BEVERIDGE.

December, 1908.

PREFACE TO THIRD EDITION.

SINCE the first publication of this book the position in regard to the treatment of unemployment in the United Kingdom has been radically altered by the passage of the Labour Exchanges Act, 1909, and the National Insurance Act, 1911. The most important of the relevant public documents have accordingly been reprinted in Appendix E: Board of Trade Labour Exchanges, and Appendix F: Unemployment Insurance. These include an account of the working of the Labour Exchanges Act and an official summary of the Unemployment Insurance Scheme embodied in Part. II. of the National Insurance Act, together with Part II. of the Act itself, and the Regulations made thereunder. No revision of the book itself has been attempted.

W. H. B.

August, 1912.

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CHAPTER I.

THE PROBLEM AND ITS LIMITS.

Growth of sense of public responsibility in regard to unemployment. Growth of accurate knowledge; general theory of causes now possible. Inquiry must be (*a*) economic, (*b*) as to unemployment rather than as to the unemployed. The problem that of the adjustment of supply of and demand for labour.

The forces making for adjustment. Supply influenced by demand; demand ultimately governed by supply. The demand for the products of labour unlimited. This demand, however, is not for the products of labour alone but for those of labour in combination with land and capital. Relations of labour and land. No shortage of latter. No pressure of population on the means of subsistence to-day. Relations of labour and capital. No general displacement of men by machines. The reward to labour rising not falling. The negative conclusion reached: Unemployment does not represent general failure of adjustment between growth of supply of labour and growth of demand. The positive conclusion reached: Unemployment does represent specific imperfections of adjustment. Changes of industrial structure. Fluctuations of industrial activity. The glutting of the labour market. Outline of subsequent discussion.

The positive conclusion more certain and more important than the negative conclu sion. A rising demand for labour no cure for unemployment.

THE problem of unemployment lies, in a very special sense, at the root of most other social problems. Society is built up on labour; it lays upon its members responsibilities which in the vast majority of cases can be met only from the reward of labour; it imprisons for beggary and brands for pauperism; its ideal unit is the household of man, wife and children maintained by the earnings of the first alone. The household should have at all times sufficient room and air according to its size—but how, if the income is too irregular always to pay the rent? The children, till they themselves can work, should be supported by the parents --but how, unless the father has employment? The wife, so long at least as she is bearing and bringing up children, should have no other task—but how, if the husband's earnings fail and she has to go out to work? Everywhere the same difficulty recurs. Reasonable security of employment for the bread-winner is the basis of all private duties and all sound social action.

At one time this reasonable security was assumed as axiomatic. The great majority of people were people who had obtained employment. The great majority argued from their own

cases that any man who really wanted employment could always obtain it. Only now and again came exceptional circumstances —a war in America, a famine in India, a bank failure in Glasgow —to be met by emergency measures of relief. Not one in a thousand of those who lived by this cheerful belief could have given reasons for his optimism. Now that this optimism is shaken, as it certainly is, there is danger that it may give place to a pessimism as unreasoning and as harmful.

The circular issued by Mr. Chamberlain as President of the Local Government Board in 1886 laid upon local authorities the moral obligation of endeavouring to provide work in times of exceptional distress. This circular was repeated by Sir Henry Fowler in the succeeding depression of 1892 and onwards. In 1904 under the Presidency of Mr. Walter Long semi-official machinery was established for the better administration of special relief funds. In 1905 the Unemployed Workmen Act reversed the principles of 1834 and enshrined in the statute book the policy of relieving the unemployed without the disqualifications of the Poor Law. The Act itself was so drafted as to prevent any direct application of public moneys for relief; the cost of providing work had in the first year to be met entirely from voluntary subscriptions. In the following year and since then this distinction has been disregarded; unemployment has been relieved without the pauper stigma, though at the public cost. In the spring of the present year a Bill to acknowledge the right of every man to have work provided for him by public authority was introduced in the House of Commons and received on its second reading the support of 116 members. The Government of the day while opposing that Bill pledged itself to introduce practical alternatives of its own in the near future.

There has been thus a steady, if gradual, growth of the sense of public responsibility for the case of the unemployed. If this sense of responsibility is to issue in further action, it is before all things necessary that that case should be fully understood. In a matter of the first importance there is room for mistakes of the first importance. A community may treat its criminals or its lunatics unwisely without more than local inconvenience; it will touch in any case but an insignificant percentage of its members. It cannot treat the question of employment unwisely without the risk of grave harm in every quarter; its policy there is a policy affecting the great majority of citizens. Fortunately, with the growth of a sense of public responsibility in regard to this problem, there has been a growth of knowledge and understanding. The administration of the Unemployed Workmen Act in

particular has afforded a mass of new experience and of discussion. If much, with regard to unemployment, remains obscure, yet much has been done to lighten the past obscurity; many crude ideas are in process of dispersal; it is even possible to suggest the outlines of a general theory of causes and principles for treatment. This is the attempt which will be made in the following pages. The manner of that attempt is governed by two general considerations. First, the inquiry must be essentially an economic one. The evil to be analysed is, in technical language, that of maladjustment between the supply of and the demand for labour. Second, the inquiry must be one as to unemployment rather than as to the unemployed.

The inquiry must be essentially an economic one. The object in view is not the framing of palliatives for present distress, but the discovery of causes and the suggestion, if possible, of preventive measures and final remedies. With this in view the problem must be approached, not from the standpoint of the Poor Law or of charitable administration, but from that of industry. The first question must be, not what is to be done with the unemployed individual, but why he is thus unemployed. His involuntary idleness indicates excess of the supply of labour over the demand for labour. To what extent, under what circumstances, and in what forms is such an excess observable in the industry of to-day? To what economic and social causes may it be attributed? How is the action of the social and economic causes complicated by the influence of personal character? How, if at all, can they be rendered harmless or eliminated? How far, if at all, can this be done without risk of graver harm in other directions?

The inquiry must be one into unemployment rather than into the unemployed. It will appear at once, indeed it is manifest from the start, that any one unemployed individual may represent, and commonly does represent, the concurrence of many different forces, some industrial, some personal. A riverside labourer in Wapping during February, 1908, might be suffering at one and the same time from chronic irregularity of employment, from seasonal depression of his trade, from exceptional or cyclical depression of trade generally, from the permanent shifting of work lower down the river, and from his own deficiencies of character or education. His distress could not be attributed to any one of these factors alone. Classification of men according to the causes of their unemployment is, strictly speaking, an impossibility. The only possible course is to classify the causes or types of unemployment themselves.

The problem of unemployment is the problem of the adjustment of the supply of labour and the demand for labour. The supply of labour in a country is, in the widest sense, the supply of population. It is at any moment, apart from the possibilities of emigration and immigration, a fairly fixed quantity. Moreover, it is fixed for each moment, not by anything then happening, but by the habits and actions of millions of disconnected households a generation back. The demand for labour, on the other hand, is an aggregate of thousands or tens of thousands of separate demands in the present. It fluctuates with the fortunes and the calculations of the host of rival employers.

Discrepancy between two things so distinct in immediate origin is obviously possible. The problem has merely to be stated in order to shatter the simple faith that at all times any man who really wants work can obtain it. There is nothing in the existing industrial order to secure this miraculously perfect adjustment. The question is rather as to what there is to secure any sort of adjustment at all, and to keep the demand for labour even within measurable distance of the supply. When only one particular type of labour is in question, there are obvious possibilities. Men will tend to leave or to avoid entering an employment that they know to be overcrowded; they will transfer their services to one in which the demand appears to exceed the supply. In regard to labour as a whole, there is not this possibility. Is there then anything to prevent the supply of labour as a whole from growing to be permanently and largely in excess of the demand, or the demand for labour as a whole from falling off so as to be permanently and largely deficient for the supply? Is it not possible that one or other of these things has happened or is happening in the United Kingdom to-day? If so, there can be little need of elaborate inquiry into the minor causes of unemployment, and there can be no hope of a remedy except in the rapid expansion of industry or in the restriction of the population.

At the threshold, therefore, of the present inquiry lies the general question as to the relations of population and industry. Until the bearings of that are known discussion of particular types of unemployment is useless. Consideration of it involves a brief examination of general social conditions and tendencies to-day.

There are, no doubt, economic forces which tend in the long run to adjust supply and demand in regard to labour as in regard to all other commodities. The supply of labour, even in the most general sense—that of population—is influenced by the state of the demand. People are not born in a country out of

all proportion to the possibilities of living there. The sudden growth of the population at the end of the eighteenth century did not take place till the industrial revolution had made room for it. This adjustment of supply of population to demand, however, is only of the most general character. Much more important is the ultimate dependence of the demand upon the supply. Insufficiency in the supply of labour will tend to cause a rise in its price, and this rise will either check production itself or will stimulate the invention and use of methods of production in which less labour is required. In either case there will be forces at work to reduce the demand for labour and so bring it into accord with the supply. If, on the other hand, the supply of labour is excessive, its price will tend to fall. Its employment will thereby be encouraged; there will be less pressure to try labour-saving machines and processes. The demand will tend to grow up to the supply. This argument, it will be seen, applies not only to the quantity of the demand for labour but to its quality, not only to the demand as a whole but also to its distribution between different trades.

This process of adjustment, moreover, is not and cannot be checked in the long run by deficiency in the demand for the products of labour. The total demand for these products must be regarded as infinite or at least as capable of indefinite expansion. It is impossible to imagine a state of affairs in which every need for material good things was satisfied and labour idle because nothing remained to be done. Least of all could such a description apply to a society in which men were seeking employment; the very fact of their seeking employment would show that some of their demands for commodities were unsatisfied. Over-production of any one particular good thing is possible and not uncommon. Over-production of all the good things of life is, strictly speaking, an impossibility. The satisfaction of one need is followed by the immediate growth of another; the standard of comfort can and does rise indefinitely.

These general economic arguments have their place in the present discussion. They do not, however, carry the matter very far. They leave the field clear for two distinct objections. First, the forces which make for equilibrium in the labour market, though ultimately they cannot be limited through deficient demand for commodities, may yet be limited in other ways. Second, these forces make only for ultimate equilibrium; they get to work very slowly and never complete their work.

The first objection starts from the fact that the demand for commodities is a demand, not for labour as such, but for the joint

products of labour, land and capital in combination. The demand for commodities may be unlimited. The demand for any one of the three factors in production can only expand within limits set by the available amounts of the other two. Each factor is useless unless it is combined in appropriate proportions with the others. Any part of it which cannot be so combined is necessarily in excess and unemployed. The two possibilities have therefore to be considered—of too many men in a country for the available land, and of too many men for the available capital.

It is clearly possible, theoretically, for there to be more men in a country than can find living room there. To the English economists of a past generation this appeared to be a practical and urgent danger in the country that they knew. The supply of labour, *i.e.*, the population, was seen constantly increasing. The supply of land appeared stationary. The ever-increasing pressure of the population on the means of subsistence seemed to follow as an inevitable disaster. To-day economists view the matter very differently.[1] The fear of over-population is dispelled, or at least postponed to a remote future.

On the one hand, there is clearly no insufficiency of land in the United Kingdom to-day. There is land enough and to spare. The greater part of the United Kingdom, instead of being over-populated, is being depopulated by the drift to the towns. The growing nation avails itself of a constantly diminishing proportion of its total territories.

On the other hand, all the statistical tests which might be expected to reveal pressure of population upon the means of subsistence, if such pressure existed, point to the conclusion that there is no such pressure. What in essence would over-population —an increase not of some particular type of people, but of people generally above the capacity of a country—mean in that country? How would it show itself? It would mean, in the language of the economists, that the law of diminishing returns had come to apply to labour generally; that each fresh unit of labour in the country, though perhaps adding to the total product, added less than the one before; that each new-comer could find living and working room only at the cost of diminishing the average living and working room for those already there. It would show itself most decisively by a falling standard of life and diminished productivity of the nation in proportion to its size. Nothing of the sort is witnessed in the United Kingdom to-day. On the contrary, as the population increases so do the wealth and the productivity per head of the population. The estimates of Sir Robert Giffen

[1] *Cp.* Marshall, *Principles of Economics*, vol. i., book iv., ch. xiii.

and others are familiar. In 1867 the national income was put at £814,000,000 for a population of 30,000,000, or at just over £27 per head. In 1901 it is put at £1.700,000,000 for a population of 42,000,000, or at just over £40 per head. The standard of income measured in money has risen nearly 50 per cent. The actual standard of life has risen yet more rapidly; the fall of prices makes every pound of greater value than before. As to the total consumption of commodities, no figures are available. Practically all the figures that can be given show an increase per head, *e.g.*, those for wheat, tea, sugar, tobacco, and rice. In regard to production, the same thing holds. There are no records covering industry as a whole; wherever, for particular industries, there are records, they show a rising level of productivity per head of population. The following table deals with the coal, iron, cotton, wool and shipbuilding industries during the past fifty years.

TABLE I.—PRINCIPAL INDUSTRIES IN UNITED KINGDOM, 1855-1907.

	Coal: Production per head. Tons.	Pig Iron: Production per 100. Tons.	Raw Cotton: Consumption per head. lb.	Raw Wool: Consumption per head. lb.	Shipbuilding: Tonnage per 1,000.
1855-1864	2·62	13·5	28·1	—	9·72 [1]
1865-1874	3·59	18·0	33·5	10·40	13·52
1875-1884	4·21	21·0	38·6	10·25	15·99
1885-1894	4·62	20·0	40·6	11·85	16·68
1895-1904	5·22	21·5	40·1	12·35	20·36
1905	5·46	22·2	42·8	10·90	24·27
1906	5·74	23·2	43·6	11·80	26·47
1907	6·07	22·9	44·7	13·46	23·52

The table shows clearly that the general tendency in all these principal manufactures is upward; that for every man in the country—employed or unemployed—more is being produced in them now than ten or twenty or fifty years ago.

Any idea of over-population, in the sense in which it was feared by the economists of eighty years or a hundred years ago, may be dismissed as for the present unfounded. All the conditions have been changed with the growth of foreign trade and the indefinite extension of the area from which food and raw material can be drawn. The land of the United Kingdom is clearly capable under these modern conditions of holding all and far more than all the people now there. It remains, therefore, to consider the other possibility—insufficiency of capital to co-operate with labour in production.

[1] 1858-64.

Those who believe in this possibility would presumably put the case as follows: Land, capital and labour are always the three requisites of production, but they are not always combined in the same proportions. Certain general changes of proportion are, indeed, manifestly taking place, and one of them has been noticed already. The change from agriculture to manufacturing implies a decrease in the amount of land required in this country for any given volume of production. Land, therefore, in this country tends to go out of employment. Its actual volume is declining relatively to the volumes both of capital and labour (since it remains stationary while they increase), but the part that it is required to play is declining still more. A little land—enough for a factory—goes so much further in production now than formerly—as part of a farm—that land as a whole is becoming a drug on the market. May not the same thing be happening to labour? Is not labour too being required to play a constantly decreasing part in production, so that though production is increasing faster than population, population yet increases faster than the opportunities for employment. One man with a machine may produce more than two men without machines. Increased wealth and productivity per head do not necessarily mean increased opportunities for employment. They may simply be a testimony to the success of the dominant partner—capital—in economising labour and so rendering large parts of the population superfluous.

This is a very common criticism of the existing industrial order. It places the root cause of unemployment in the supersession of men by machines. There is no need to discuss whether it is tenable in theory. It is sufficient to say that it will not stand examination in the light of the facts of to-day. It is, as has been noticed, perfectly consistent with the fact of increasing wealth and heightened productivity per head of the population. It is not consistent with the equally certain fact of a rising reward to labour. If, by the progress of industrial invention, labour generally, not labour in particular forms, were being rendered superfluous and a drug on the market, then its price should be falling. In fact its price is rising, and rising while that of most other things falls or rises at least less rapidly. The following table compares the course of wages and prices during the past thirty years.

TABLE II.—RATES OF MONEY WAGES AND PRICES, 1878-1907.

(Board of Trade Index Numbers, 1900 = 100.)

Mean of ten years.	Wages.						Prices (wholesale).
	Building.	Coal-Mining.	Engineering.	Textile.	Agriculture.	Mean of five groups.	
	1	2	3	4	5	6	7
1878-1887	85·45	63·66	89·32	91·54	91·42	84·28	119·5
1888-1897	89·45	76·55	93·56	95·12	92·09	89·35	98·3
1898-1907	99·67	87·15	100·21	101·10	100·05	97·63	97·8

The first five columns in the table, dealing with wages in the principal industries and agriculture, show in every case a considerable movement upward. The sixth column gives the mean of all five groups; this has risen from 84·28 to 97·63, or nearly 16 per cent. between 1878-87 and 1898-1907. The last column shows the strikingly different change that has taken place in regard to the prices of ordinary commodities.

It is not easy to get a comparable indication for the position of land in the market. Yet the following figures, compiled from the Returns of Inland Revenue, show clearly the change that has taken place:—

ANNUAL VALUES OF LAND ASSESSED TO INCOME TAX UNDER SCHEDULE A.

(1900 = 100.)

Mean of—	
1878-1887	126·6
1888-1897	108·4
1898-1906	99·7

Land, rapidly losing its importance as a factor in production, has tended to go out of employment. The inevitable symptom of this has been a decline of price. Labour, on the other hand, so far from becoming a drug on the market, stands almost alone in maintaining and increasing its price. The figures here given do not, indeed, fully indicate the change that has taken place. Two considerations make the true increase in the reward of labour greater than appears from the statement of money wages alone.

In the first place, there has been a decrease in the cost of living. This is indicated, though not accurately represented, by the fall of wholesale prices. Official estimates put the decrease in cost of living at 17 per cent. as between the five years from

1878 to 1882 and those from 1898 to 1902.[1] This has meant, of course, a corresponding rise in the value of every pound earned.

Allowing for this change of values, Mr. Bowley gives the following striking estimate for the course of average real wages during the seventy years up to 1900.[2]

AVERAGE REAL WAGES AS PERCENTAGES OF THE LEVEL OF 1900.

Years . .	*circa* 1830	1840	1850	1860	1870	1875	1880	1885	1890	1895	1900
Real wages .	45	50	50	55	60	70	70	72	84	93	100

It will be seen that in the last ten years of the table the progress has been greater than in any equal period before except 1885 to 1895.

In the second place, there has been a transference of labour from the lower paid to the more highly paid occupations. The industrial groups which show the relatively largest rises of money wages, *e.g.*, building and coal-mining, are also those which show as between 1881 and 1901 the largest increases in the numbers employed. According to a calculation made by Mr. Bowley the rise of wages in the principal industries between 1881 and 1901 may be put at 16 per cent.; the actual volume of wages paid in these industries—taking account of the greater growth of the best paid ones—has increased by 29 per cent., or nearly twice as much.[3]

The criticism may, indeed, be made that the table given deals only with the rates of wages, not with actual or average earnings. Might not the rate of wages rise while continuity of employment diminished? Might not one section of the supply of labour by collective action or otherwise force up its own price while another and growing section found it impossible to obtain employment at any price? Once again it is unnecessary to discuss theoretical possibilities. The suggestion here made can be ruled out practically by reference to actual conditions. First, the rise of wage rates is not confined to skilled and organised trades. It extends to occupations such as agriculture, where there is no collective action on the part of the wage-earners at all, as well as to many sections of unskilled and semi-skilled workpeople among whom collective action is very slight. Second, there is no evidence of increasing unemployment. The weight of evidence is all the other way. The experience of exceptional distress in 1904 and in the present year may be paralleled in all essential particulars by the events of 1893-4, 1886, 1878-9, 1867 and earlier periods, when the population was half or two-thirds of what it is at present. Then as now there were emergency relief funds. There was pauperism greater than at present. There was an unem-

[1] *British and Foreign Trade.* Second Series of Charts and Memoranda, pp. 31-3.
[2] *National Progress in Wealth and Trade*, p. 33. [3] *Ibid.*

ployed percentage in the trade unions; the record of 10·7 per cent. for the year 1879 has never since been approached. It is all but impossible to suppose that, while labour generally was becoming a drug on the market, all the sections of labour as to which statistics are obtainable should be increasing their remuneration. It is quite impossible to find any evidence of that piling up of superfluous and wholly unemployed labour outside the magic ring of these fortunate workers which would be the necessary accompaniment of such a process.

The foregoing discussion has necessarily been somewhat summary. Yet it should be sufficient to establish the main negative conclusion—that unemployment cannot be attributed to any general want of adjustment between the growth of the supply of labour and the growth of the demand. If labour generally had become or were becoming a drug on the market, the return to labour would be diminishing. In fact the return is increasing, whether labour be regarded separately or in its combination with land and capital. The popular conception is of industry as rigidly limited—a sphere of cast iron in which men struggle for living room; in which the greater the room taken by any one man the less must there be for others; in which the greater the number of men the worse must be the case of all. The true conception is of a sphere made of elastic material, capable of expansion and being in fact continually forced to expand by the struggling of those within. Each individual appears to be, and no doubt, to some extent is, pressing upon the room of his neighbours; the whole mass presses outwards upon the limits within which it is for the moment confined; the result of a particularly violent struggle of one man for the room of others may be to enlarge appreciably the room for all. This expansion of industry cannot readily be made visible, and is nowhere recorded in direct and comprehensive figures. It is and must always remain something of a mystery. It does not take place evenly. It is perhaps not a thing to be counted on for ever. The sphere may at last lose its elasticity and cease to respond further to the increasing pressure from within. That, if it ever happens, *will* mean over-population, a diminishing return to labour, a falling standard of life, and, unless the growth of numbers be arrested, a gradual but certain return to barbarism for all or the immense majority of the people. For the present it is sufficient to say that that time has not come; it is not within sight; it can barely be imagined. For the present the sphere of industry in the United Kingdom retains its elasticity. It expands, not indeed steadily, but still sufficiently for the people. It absorbs the generations as

they come. It yields each fresh man on the whole more living and working room than fell to the lot of those before.

Yet with all this comes the perpetual cry of some who find on living and working room at all. While the number of those who can and do obtain employment rises endlessly, the number of the unemployed never falls to zero. Many who recognise the indisputable facts of the expansion of industry and the rising standard of life, are apt to deny directly or implicitly the existence of an unemployed problem at all. If there are not too many workmen in the country, every man who really wants work must be able to obtain it. If any men fail to find room while all round them fresh room is opening out, they must be men either unfit or unwilling to do so. They must be "unemployable"—the incompetent, the lazy, the sick and infirm. Those who argue thus, however, have to ignore facts at least as indisputable as those which testify to the growing wealth and productivity of the nation. It cannot be supposed that the 56,000 members of highly skilled and organised trades who, at the present moment (September, 1908), are returned as unemployed and for the most part in receipt of allowances from their unions, are all unemployable. It cannot be supposed that the employers who write to Distress Committees, as they do write in hundreds and thousands, giving the characters of men now out of work but formerly employed by them, are all in a conspiracy of deceit. Unemployment is not to be explained away as the idleness of the unemployable. As little can it be treated as a collection of accidents to individual workpeople or individual firms. It is too widespread and too enduring for that. While the final absorption of the growing population in growing industry is accepted as being for this country still happily the rule, it is no less necessary to admit the existence of facts modifying the completeness of this absorption at certain times and places—indeed, at all times and places. There is no general want of adjustment between the natural increase of the people and the expansion of industry, between the rate of supply of fresh labour and the normal growth of the demand for it. There are specific imperfections of adjustment which are the economic causes of unemployment.

One of these has long been recognised. While industry, as a whole, grows, specific trades may decay, or change in methods and organisation. The men who have learnt to live by those trades may find their peculiar and hard-won skill a drug on the market and themselves permanently displaced from their chosen occupations, while lacking both the youth and the knowledge to make their way into new occupations. "There cannot," said John

Stuart Mill, "be a more legitimate object of the legislator's care than the interests of those who are thus sacrificed to the gains of their fellow-citizens and of posterity." It will be seen later that changes of this character are best considered, not by themselves but, from a slightly different point of view, as only one among several ways in which part of the labour supply may come to lose or lack the industrial qualities required of it.

A second type of maladjustment between the demand for and the supply of labour is found in actual fluctuations of industrial activity. Many trades, perhaps most trades, pass regularly each year through an alternation of busy and slack seasons, determined by climate or social habits, or a combination of both. Building is slack in winter and busy in spring and summer. Printers find least to do in the August holidays and most in the season just before Christmas. At the London Docks timber comes in at one time of the year; fruit at another; tea at a third. Behind and apart from these seasonal vicissitudes of special trades, and affecting, though in varying degrees, nearly all trades at about the same time, is a cyclical fluctuation in which periods of general depression—1868, 1879, 1885-86, 1893-95, 1904—alternate at irregular intervals with periods of feverish activity—1872-74, 1881, 1889-90, 1899-1900. At such times of depression the industrial system does appear to suffer a temporary loss of elasticity; it fails for a while to keep pace with the steady growth of the population; it gives—in a phase of falling wages and lowered standards—an object lesson of what might be expected if the supply of labour should ever come permanently to outstrip the demand.

These two elements in the problem of unemployment have long been familiar. A third, apparently far more important than either the occasional transformations of industrial structure or the periodic fluctuations of industrial activity, is only just beginning to receive attention. This is the requirement in each trade of reserves of labour to meet the fluctuations of work incidental even to years of prosperity. The men forming these reserves are constantly passing into and out of employment. They tend, moreover, to be always more numerous than can find employment together at any one time. This tendency springs directly from one of the fundamental facts of industry—the dissipation of the demand for labour in each trade between many separate employers and centres of employment. Its result may be described as the normal glutting of the labour market. The counterpart of such glutting is the idleness at every moment of some or others of those engaged.

The three factors just mentioned—changes of industrial

structure, fluctuations of industrial activity, and the reserve of labour—will form the subject of the following three chapters. They have been mentioned in the order of familiarity. They will be discussed in a slightly different order. They represent, not indeed all, but at least the principal economic factors in unemployment. Their discussion will be followed and supplemented by consideration of the influence of the personal factor. This will complete the statement of the problem and will lead on to a brief description of the principal remedies hitherto attempted. In the concluding chapters an attempt will be made to outline a policy for the future.

The present chapter embodies two main conclusions; one comforting and one disturbing; one negative and one positive; one defining the limits of the problem and the other indicating the problem itself.

The negative conclusion is that there is no general failure of adjustment between the growth of the demand for labour and the growth of the supply of labour. The forces which constantly tend to bring about this adjustment have not, either by excessive increase of the population or by the adoption of labour-saving devices, been brought to the limit of their power. The first objection advanced against the argument which described these forces, namely, that adjustment can only take place within limits set by the available land and capital, though perhaps sound in theory, has no practical validity to-day.

The positive conclusion is that there are specific imperfections of adjustment between the demand for labour and the supply of labour, and that these give rise to a real and considerable problem of unemployment. The forces which constantly tend to adjust demand and supply work only in the long run. There are forces as constantly tending to disturb or prevent adjustment and having often a run long enough to determine the fate of individuals. The second objection advanced against the argument for ultimate equilibrium is not to be denied.

Both these conclusions are important, and both appear to be justified by the evidence. Both therefore have been advanced here. They are, however, by no means equal either in certitude or in importance for the present inquiry. The statement that the country is not over-populated, and that its industrial system is still capable of absorbing the growing supply of labour, must always be something of the nature of a prophecy. It is impossible to bring statistics more than up to date. Because up to date industry has expanded, the inference is made that it is still

expanding and capable of further expansion. Because this expansion in the past has taken place through alternations of good years and bad years, the inference is made of any particular period of depression that it is only a temporary phase and will give way to renewed prosperity. All this, however, is far from inevitable. It is likely enough that industry will at some time lose all or much of its power of growth. It is possible that any particular depression may be not a temporary phase but the beginning of a lasting decline. The negative or optimistic conclusion—that unemployment is not now being caused by general over-population—must therefore, by its very nature, be always open to a doubt. The positive conclusion, that there are other factors which have caused unemployment in the past and are liable to cause it in the present, is not open to any doubt at all. From the beginning to the end of fifty years of unprecedented industrial expansion unemployment has been recorded continuously, and has passed at intervals of seven to ten years from a normal to an acute phase. This, in itself, is enough to show that unemployment depends not so much on the volume of industry as upon the methods of industry, and, while the methods remain unchanged, will continue or recur however the volume grows. A falling demand for labour may come as a symptom of national decay. A rising demand for labour will be no cure for unemployment.

CHAPTER II.

THE SOURCES OF INFORMATION.

1. The unemployed percentage: Returns from trade unions paying unemployed benefit. Percentages 1894-1908. Returns fairly complete as to unions reporting. Not a fair sample of the whole of industry. Stable trades unrepresented. Fluctuating trades over-represented. No account taken of short time. The unemployed percentage no indication of the volume of general unemployment but only of its growth or diminution.
2. Records of Distress Committees. Include only distressed unemployed. Detailed information as to applicants.
3. Subsidiary sources of information. Statistics of commerce and manufacture. Days worked in coal-mines. Trade union reports. Pauperism.

No possibility of numbering the unemployed. Analysis must be of unemployment.

THE two main sources of information as to unemployment have been indicated in the preceding chapter. They are, first, the returns made by trade unions to the Labour Department of the Board of Trade; second, the reports of Distress Committees administering the Unemployed Workmen Act, 1905. Each of these will be so constantly referred to in the following chapters, that a short description of them, as well as of the character and limits of the information supplied by them, is indispensable. Each, as will appear, deals with a distinct social stratum. Neither by itself gives any fair representation of the problem. The two together need to be supplemented from many subsidiary sources.

(1) THE UNEMPLOYED PERCENTAGE.

A large number of trade unions include among the benefits provided to their members an allowance during unemployment. These allowances are of two kinds. The first, variously known as "donation," "stationary," "local," or "unemployed" benefit, is paid on the spot, and is intended simply to support men till they can obtain employment again in the place where they are. The second type of allowance is generally known as travelling benefit, and is intended to facilitate the movement of workmen in search of employment elsewhere. The member desiring to travel receives a ticket entitling him to draw for board and bed money upon the branches of the union in other places. In 1904, 81 out of the 100 principal unions, having a membership of about

950,000, gave one or other or both of these benefits at a cost for the year of nearly £650,000. The importance of unemployed and travelling allowances as a means of preventing distress will be considered later. For the present their significance is this—that the unions concerned have necessarily to keep a register of the men to whom these payments are made. It is, indeed, almost invariably made a condition of receiving benefit that the recipient should sign regularly, sometimes every day and sometimes every other day, the vacant book or register at the office of his union or branch. This serves both as evidence of the fact of unemployment—the time of signing being commonly fixed during working hours—and as an opportunity of getting the member off the fund by notifying to him, when he comes to sign, any suitable situation of which the union officials have cognisance. Unions giving unemployed benefits are therefore in a position to supply regular records of their unemployed members from time to time, and a large number of them now make voluntary monthly returns on this point to the Board of Trade. The return states, for the union or branch concerned, (*a*) the total membership, (*b*) the members unemployed at the end of the month. In each case persons on strike or locked-out, sick or superannuated are excluded. The comparison of the two figures gives an "unemployed percentage" for that union or branch. The combination of the returns for the unions in some particular trade or group of trades, *e.g.*, shipbuilding, yields an unemployed percentage for that trade or group of trades. The combination of all the returns gives a result commonly cited as the "general unemployed percentage," and taken as an index of the state of employment as a whole. These results—both for particular trades and for all the unions covered by the returns—are published each month in the *Labour Gazette* issued by the Labour Department of the Board of Trade. The form of statement of the "general unemployed percentage" is typified by the following: "In the 272 Trade Unions with a net membership of 649,789 making returns, 40,580 (or 6·2 per cent.) were reported as unemployed at the end of January, 1908, as compared with 6·1 per cent. at the end of December, and 4·2 per cent. at the end of January, 1907".[1] The following table gives the general unemployed percentages for the past fifteen years:—

[1] This description of the *Labour Gazette* returns, as well as much of the subsequent criticism, is taken from the evidence of Mr. (now Sir) H. Llewellyn Smith before the Select Committee of the House of Commons in 1895. The evidence as a whole should be consulted by those who make any use of the returns (*Distress from Want of Employment*, Third Report, 1895, pp. 46-67).

TABLE III.—UNEMPLOYED PERCENTAGE, 1894-1908.

(All Trade Unions making Returns.)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Mean for Year.
1894	7·0	6·3	6·5	6·1	6·3	6·3	7·4	7·7	7·6	7·4	7·0	7·7	6·9
1895	8·2	7·9	6·5	6·5	6·0	5·6	5·3	5·2	4·9	4·9	4·3	4·8	5·8
1896	4·5	3·8	3·5	3·2	3·3	3·2	3·1	3·4	3·6	3·3	2·9	3·2	3·4
1897	3·3	3·0	2·5	2·5	2·3	2·7	2·7	3·5	4·4	4·7	4·8	5·3	3·5
1898	5·0	4·4	3·1	2·9	2·7	2·6	2·6	2·8	2·6	2·5	2·3	2·9	3·0
1899	3·0	2·6	2·5	2·2	2·5	2·3	2·3	2·3	2·4	2·3	2·2	2·5	2·4
1900	2·7	2·9	2·3	2·5	2·4	2·6	2·7	3·0	3·6	3·3	3·2	4·0	2·9
1901	4·0	3·9	3·6	3·8	3·6	3·5	3·4	3·9	3·7	3·7	3·8	4·6	3·8
1902	4·4	4·3	3·7	3·9	4·0	4·2	4·0	4·5	5·0	5·0	4·8	5·5	4·4
1903	5·1	4·8	4·3	4·1	4·0	4·5	4·9	5·5	5·8	5·8	6·0	6·7	5·1
1904	6·6	6·1	6·0	6·0	6·3	5·9	6·1	6·4	6·8	6·8	7·0	7·6	6·5
1905	6·8	6·2	5·6	5·6	5·1	5·2	5·2	5·4	5·3	5·0	4·7	4·9	5·4
1906	4·7	4·4	3·9	3·7	3·6	3·7	3·6	3·8	3·8	4·4	4·5	4·9	4·1
1907	4·2	3·9	3·6	3·3	3·4	3·6	3·7	4·0	4·6	4·7	5·0	6·1	4·2
1908	6·2	6·4	6·9	7·5	7·9	8·3	8·2	8·9	9·4	9·5	9·1	—	—

What is the bearing and value of these statistics? What do they show or fail to show?

They are obviously not a complete register of unemployment. They do not cover directly more than a small fraction of the industrial field. The 650,000 trade unionists included in the returns are less than a third of all the trade unionists in the country. All the trade unionists in the country are less than a quarter of the industrial manual workers. The questions that have to be answered are therefore two. Are the trade union returns a complete record of unemployment within the limited field that they cover directly? To what extent and for what purposes can inferences be drawn from them as to the number of the unemployed or the state of employment in the much larger field outside their direct scope?

The completeness of the returns within their direct scope depends, of course, upon the completeness with which the unions secure the registration of all their unemployed members. Unless these members are under some strong constraint to sign the register there is no certainty that they will sign, and thus a certain proportion of the unemployed will be left out of the statistics. Herein lies the significance of the payment of unemployed benefit. Where regular signature of the vacant book is the means of obtaining a weekly allowance it is not likely to be neglected. The Board of Trade, therefore, in calculating the unemployed percentage, uses no returns except from unions providing this benefit. On the other hand, the returns are not absolutely con-

fined to men in receipt of allowances. The intention is to include all who are out of work in these unions, whether they are at the time receiving allowances or not, and there is no doubt that this intention is substantially effected. In all but a few unions, indeed, there is a limit to the number of consecutive weeks for which unemployed benefit may be paid, and there is thus the possibility that a member may exhaust his claims before recovering employment. He will then remain unemployed while lacking his former motive for registering at the union office. There is here, then, and must remain, the possibility of incompleteness in the statistics. All that can be said is that the resulting error is almost certainly inconsiderable. The unions making returns are asked to include all their unemployed members whether in receipt of benefit or not. The great bulk of them continue their payments for periods so considerable that those who at any time have run out of benefit are a very small fraction of all the unemployed. Even as to these the obligation to register generally remains; the rules almost invariably provide that all members out of work must sign the vacant book regularly whether in receipt of benefit or not. Nor is the obligation to register merely formal. In a good many unions, even after the actual allowance has come to an end, members continuing to sign the books are excused from payment of their contributions. In most unions which are sufficiently organised to provide unemployed benefit, the union or branch office becomes also to some extent a labour exchange. Vacant situations are notified there through members at work or even directly by employers and foremen; the unemployed man goes there to seek employment.

There is, therefore, no reason to doubt the substantial completeness of the returns made, at least as to the members who are wholly unemployed. These numbers and percentages do not, of course, necessarily indicate the total loss of employment at any time. In some occupations—such as coal-mining—depression of trade is customarily met, not so much by discharging individuals, as by shortening the working week for the whole body of men. The comparatively small percentage of men who become wholly unemployed by no means represents the real depth of the depression.

The second question is as to how far the trade union returns can be used to supply inferences as to the general state of the labour market. That depends, of course, upon the extent to which the men covered by them can be taken as a fair sample of the industrial population. A very brief examination is sufficient

to prove that they are not a fair sample at all. The following table shows the principal trades from which they are drawn, together with the proportions contributed by each trade in 1908 and in 1894.

TABLE IV.—TRADES REPRESENTED IN UNEMPLOYED PERCENTAGE.

Trade.	No. of Unionists included in the Returns, Jan. 1908.	Proportion contributed by each Trade, Jan. 1908.	Proportion contributed by each Trade, 1894.
Building	61,057	9·3 } 14·7	21
Woodworking and furnishing	35,200	5·4 }	
Coal-mining	126,725	19·5	19
Engineering	164,088	25·3 }	
Shipbuilding	58,424	9·0 } 39·2	46
Other metal trades	31,751	4·9 }	
Printing and bookbinding	56,376	8·7	10
Textiles	93,990	14·5	3
Miscellaneous	22,178	3·4	1

It will be seen at once that the returns do not by any means cover all trades and occupations. In particular they neglect altogether the more stable ones, such as railway and municipal service, as well as domestic service and agriculture. Moreover, even those occupations which do appear are by no means fairly represented. The 223,000 men from the engineering and shipbuilding trades form a far larger proportion of all the men in these trades, than the 61,000 from building do of all those engaged in building, or the 94,000 from textiles do of all textile operatives. In other words, even amongst the trades which do appear some are over-represented and some under-represented. Nor does this over-representation come by chance. One of the essential facts about fluctuations of employment is that their severity varies enormously from one industry to another, and, as a necessary consequence of the basis of the trade union returns, the more fluctuating industries predominate in them unduly. The greater the fluctuations the more will the need for unemployed benefit be felt by the trade unions, that is to say, the more likely are they to figure in the Board of Trade returns. The experiment was tried in 1895 of applying the unemployed percentage for each trade, not to the numbers of unionists for whom returns were made, but to the numbers shown by the census to be actually employed in each trade. The result of this correction was to reduce the general unemployed percentage

in the particular month taken from 7·0 to 4·2.[1] The danger of generalisation is illustrated in another way by comparing two years of exceptional depression, such as 1893 and 1904. According to the actual trade union returns the former depression appears to have been the most severe. If, however, the unemployed percentages for each trade are applied to the census figures for that trade, the opposite result is reached; 1904 appears as really worse than 1893. The explanation is that the depression of 1893 was severest in the over-represented engineering and shipbuilding trades; that of 1904 was far more general, and was severest in the relatively less-represented building trades.

The points just mentioned suggest that the trade union returns show a much higher percentage of unemployment than would be found in the country generally. There are, no doubt, considerations on the other side, that is to say points in regard to which the trade union returns are an under-statement. They exclude, for instance, the most casual occupations. They take no account of loss of employment and earnings through working short time. They give inadequate representation to some seasonal trades, such as building. It is probable that they thus understate the difference between winter and summer employment. On the other hand, there appears to be really no foundation for the statements commonly made as if they were axiomatic that the Board of Trade returns show an unduly low percentage of unemployment because they are confined to the skilled men and to trade unionists. It is by no means axiomatic that the proportion of unemployment is lower amongst skilled men as a whole than amongst unskilled, or amongst trade unionists than amongst non-unionists. The skilled man holds out for a job in his own particular line; the unskilled man will take anything he can do. The unionist will rather be unemployed than work below his rate, even when, as may happen, the rate is being maintained in times of depression at a height greater than the trade will bear; the non-unionist more readily adjusts himself to a falling market.

It is best, therefore, to give up all attempts to use the trade union returns as an index to the actual volume of unemployment in the whole of industry. There are points in respect of which the percentage based upon them is clearly too high. There are other points—though not so many or so important as is generally assumed—in respect of which the percentage tends to be too

[1] *Distress from Want of Employment*, Third Report, 1895, p. 51.

low. In any case the magnificent generalisations reached by applying the trade union unemployed percentage directly to the whole industrial population are out of court. When 5 per cent. of the 650,000 trade unionists are out of work it does not in the least follow that there are 5 per cent. of the 11,000,000 manual workers, say 550,000, in the same case. The percentage totally unemployed is under such circumstances at least as likely to be one as five; the percentage losing some, even if not all, of their working time is equally likely to be ten or more.

As a measure of the volume of unemployment the trade union returns must be disregarded or used only with careful limitation to specific trades. As an indication of the movements of the labour market they retain their value unaffected by the foregoing criticisms. They are drawn, though unequally, from a considerable variety of trades. There can be no doubt that the principal movements shown by them are reflected, though unequally, throughout the greater part of the industrial field. The economic tendencies which from time to time make employment brisker or slacker for the skilled men in trade unions, must be felt, whether in greater or less degree, by the unorganised members of the same trades and by the labourers and auxiliaries dependent upon them. The carpenters and joiners, who form the great bulk of those included under the building trade returns, cannot as a rule suffer from depression without the other branches of the trade being simultaneously affected. With them too will go large sections of the woodworking and furnishing trades. So too the engineering and shipbuilding returns represent, as respects period and direction of movements in the labour market, though not as respects extent of movement, a much larger field than they cover directly. Again, many of the most important occupations which do not appear in the trade union returns—those connected with conveyance of men and goods—are specifically of an auxiliary character, and directly governed by the activity of the productive industries. The connections between various occupations are, indeed, very numerous and complex. Even if there is no connection on the side of production, there is one on the side of consumption. Diminished prosperity in a big industry, such as shipbuilding, means a falling off in the effective demand of the men engaged for food, housing, furniture and all else. These *a priori* arguments are, as will be shown later, confirmed by actual results. There can be no doubt that the various industries are so far inter-dependent, and the trade union returns drawn from a field so wide as to make the movements of the general unemployed percentage over a period of years fairly

representative of labour conditions as a whole.[1] That is to say, a rise in the percentage from one year to another means almost always a worsening of conditions generally and not only in the trades directly represented. A fall in the unemployed percentage means a general improvement. This inference is on the whole as legitimate as inferences with regard to the total volume of unemployment are illegitimate. The peculiar value of the trade union returns is then simply this: that they give a continuous record of the course of employment irrespective of the precise numbers concerned, of the fortunes of particular employers and of the general growth of population. The unemployed percentages have been published monthly in the *Labour Gazette* since 1893. They have been carried back by the records of some of the older trade unions to 1860. By their means one trade can be compared with another trade at the same time. For the same trade or group of trades one time can with due precautions be compared with another time.

(2) The Records of Distress Committees.

Under the Unemployed Workmen Act of 1905, Distress Committees have been established in all the chief industrial centres. The first business of these Committees is to register, investigate and classify unemployed persons applying to them for assistance. Their second business is, of course, to give such assistance as they can, by temporary work, by emigration or in other ways, to applicants satisfying certain conditions. Some of these Committees have taken little or no action. The majority have opened their registers at least during each winter, and have received and investigated applications. The results of their activity have been described in their own reports and those of the Local Government Board. This registration is, of course, as far from indicating the total number of the unemployed as are the *Labour Gazette* returns. In some areas there has been no registration at all. Everywhere only those have been registered who were or who stated themselves to be in distress, and who thought it worth while to apply for help. Though the assistance given carried no disqualification or stigma of pauperism, there was no doubt among the better-class workmen a strong disinclination to apply so long as they could avoid doing so. In fact

[1] This statement, it should be noted, is carefully limited to movements over a period of years. The course of the "general unemployed percentage" from month to month is not a good indication of seasonal fluctuations. It shows, for instance, as a rule, an improvement from October to November, which can be traced directly to the influence of the over-represented printing trades, and which would almost certainly not be found if all occupations were equally represented.

it was found that few applied who belonged to any trade union and still fewer who belonged to a union giving out-of-work pay. The industrial class dealt with by the Distress Committees is thus quite distinct from that appearing in the unemployed percentage. This is a point of considerable importance and one which is continually overlooked. When the question is that of relieving immediate distress, attention can be confined to the men registered by Distress Committees, since it may fairly be assumed that the great bulk of those in urgent need of help will have applied. No objection can be raised to any particular relief method proposed, *e.g.*, the provision of rough labouring work, on the ground that it does not suit a class of men, *e.g.*, highly skilled artisans, who do not apply for relief. When, however, the question is that of preventing unemployment itself by discovering its causes, the Distress Committee records cannot possibly be taken as giving a complete picture. The argument, for instance, that unemployment is due to deficiency of technical education, because so few skilled men apply to Distress Committees, is palpably unsound.

Though, however, the Distress Committee records are incomplete in one sense—that they include only an uncertain proportion of the unemployed—they are very valuable as involving much more than a mere counting of individuals. The original "Record Paper" drawn up by the Local Government Board contained eighteen paragraphs involving at least fifty different questions to be asked of and answered by every applicant for assistance, together with six more paragraphs for information to be entered after subsequent inquiry. The information asked for included the age, occupation, last and preceding employers with rates of wages and average earnings, number of children, rent, rooms occupied, and many other details intended to show clearly the industrial and social status of the applicant. The answers to the most important questions were directed to be verified by reference to independent sources of information. For the whole cost of this registration and investigation the Committees were given practically unlimited funds by being allowed to draw upon the rates. The result has been to accumulate a mass of information, no doubt of unequal value, since different Committees took very different views of their work, but of peculiar importance. In the first place the applicants to Distress Committees, if they are not all the unemployed, are the unemployed for immediate practical purposes. They are those in urgent need of relief. In the second place the applicants are of a class as to which information has hitherto been wanting—an industrial stratum intermediate between the skilled trade unionists recorded in the *Labour*

Gazette and the paupers and vagrants known to Boards of Guardians. In the third place these applicants have not been simply counted. A sufficient volume of descriptive information has been obtained about them to define fairly clearly the character and causes of their distress.

(3) Subsidiary Sources of Information.

The two sources of information already described are those to which most constant reference will be made. They can, however, be supplemented and checked in many different ways.

First, there are many general evidences of commercial and manufacturing activity—the volumes and values of foreign trade, production and consumption of raw material in some of the principal industries, the course of prices, wages and the like.

Second, there is a great variety of statistics, bearing rather on employment than unemployment, collected by the Board of Trade each month and summarised in the *Labour Gazette*. In coal-mining, for instance, the degree of activity at any time is indicated by the average number of days per week on which coal was hewn and wound at a large number of collieries making regular returns. The following table gives the figures for the United Kingdom in each month since the beginning of 1895.

TABLE V.—COAL-MINING—DAYS WORKED PER WEEK.
1895-1908.

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Mean for year.
1895	4·70	5·00	4·93	4·46	4·57	4·23	4·53	4·71	4·80	5·03	5·08	4·88	4·74
1896	4·94	4·91	4·81	4·69	4·88	4·58	4·83	5·00	4·89	5·02	5·31	5·16	4·92
1897	5·15	5·34	5·14	4·84	5·20	4·82	4·95	4·92	5·24	5·37	5·32	5·31	5·13
1898	5·06	5·24	5·29	4·98	5·38	4·95	5·13	5·19	5·37	5·44	5·46	5·54	5·25
1899	5·16	5·63	5·62	5·24	5·64	5·42	5·25	5·23	5·46	5·58	5·64	5·65	5·46
1900	5·13	5·69	5·67	5·19	5·63	5·18	5·52	5·43	5·65	5·63	5·45	5·46	5·47
1901	4·80	5·19	5·30	4·91	5·23	4·71	4·83	4·91	5·36	5·36	5·33	5·46	5·12
1902	5·26	5·39	5·35	4·90	4·89	5·17	4·82	4·94	5·35	5·52	5·51	5·51	5·22
1903	5·22	5·28	5·10	4·82	5·21	4·64	4·84	4·89	5·22	5·21	5·24	5·40	5·09
1904	5·10	5·19	5·28	4·86	5·09	4·95	4·79	4·76	5·16	5·16	5·14	5·30	5·07
1905	4·95	5·33	5·10	4·95	5·94	4·59	4·63	4·76	5·13	5·32	5·28	5·39	5·03
1906	5·01	5·54	5·50	5·08	5·37	4·84	4·99	4·95	5·30	5·49	5·50	5·60	5·26
1907	5·48	5·69	5·67	5·17	5·57	5·49	5·38	5·22	5·63	5·64	5·60	5·63	5·51
1908	5·44	5·56	5·49	5·05	5·48	4·75	4·93	4·93	5·34	5·23	5·19	5·29	5·22
Mean for each month, 1897-1906	5·08	5·38	5·34	4·98	5·26	4·93	4·98	5·00	5·33	5·41	5·39	5·46	5·21

Similar statistics are available for iron-mining and for iron and steel works. In the building and textile trades and in certain branches of clothing, returns are made by considerable numbers

of employers as to the number of workpeople to whom wages were paid in the last week of each month, or even as to the actual amount paid. In one case, London dock and wharf labour, the numbers employed by all the dock companies and a large proportion of the shipowners, contractors and wharfingers are given day by day.

Third, from trade union reports and similar sources a great deal of information can be gathered as to the actual distribution of unemployment between individuals over a period of time. One defect of the ordinary unemployed percentage is that it does not indicate this. An average unemployed percentage of four throughout a year might mean that four particular men out of a hundred were unemployed the whole time, or it might mean that every one of the hundred became unemployed at some time for about two weeks in the year. What it actually means can only be discovered by studying individual records.

Fourth, the record of unemployment has to be completed by the record of pauperism. The trade union returns and the reports of Distress Committees represent practically the only occasions on which any considerable numbers of unemployed individuals are brought under review and counted. As has been said, they deal with two distinct sets of men. The unemployed workmen reported by the unions are with few exceptions members of skilled and highly organised trades. The unemployed applicants to Distress Committees are predominantly general labourers, and for the rest either half-skilled or the least efficient members of skilled trades. Yet a third and still lower stratum of society appears in the returns of pauperism compiled by the Local Government Board. A Parliamentary paper gives for England and Wales and for London separately the numbers of indoor and of outdoor paupers in receipt of relief at the end of each month, exclusive of lunatics in county and borough asylums, registered hospitals and licensed houses, casual paupers, persons receiving outdoor medical relief only, and patients in the fever and small-pox hospitals of the Metropolitan Asylums Board. The same return gives also the numbers of casual paupers relieved on each Friday during the month. In the annual reports of the Local Government Board further classification is made between males and females, able-bodied and not able-bodied, and so on. In this case, however, the number is not given at the end of each month but only on two particular days in the year, 1st January and 1st July, together with their mean.[1]

[1] For the benefit of those unfamiliar with Poor Law terminology it may be explained that the workhouse is reserved for persons resident in the union concerned

The first question asked with regard to the unemployed is generally as to their number. It should by now be clear that this is about the last question to which any scientific answer can be given.

There is no single universal system for registering all the unemployed. Its place is very inadequately taken by three separate registrations—by trade unions, by Distress Committees, and by Boards of Guardians—each governed by a practical motive which in effect makes each apply to an entirely distinct class of the community while supplying no basis of inference as to other classes. The three are not capable of being added together. If they were added together, they would not by any means cover the ground.

The difficulty in numbering the unemployed is, however, a far more serious one than would be represented by mere absence of a universal system of registration. Even if such a system could be set up, even if it were possible to determine for any particular moment how many persons were standing idle though able and willing to work at something, the result, from either a scientific or a practical point of view, would be all but worthless. The difficulty is fundamental—that there is no homogeneous unit which can be numbered. The hand boot-maker who has been permanently superseded by a new machine and will never be wanted again ; the compositor out of work in the August holidays and certain to be in demand in the November publishing season ; and the casual labourer on one of his off days but likely to be in demand the day after to-morrow are not really in the same case at all, and cannot be added together as if they were. Yet these are only some out of many types of unemployment. For purposes of immediate relief the unemployed may be taken as defined by the applicants to Distress Committees—110,000 in 1905-6, 80,000 in 1906-7, 87,000 in 1907-8. For purposes of scientific investigation or preventive organisation the analysis must be not of the numbers unemployed but of the causes of unemployment, and the extent to which they are essential or accidental in the existing economic order or in human nature. To this, therefore,

though "residence," for the purposes at least of first admission, implies only that one night has been spent in the district. Admission is normally secured by an order from the relieving officer. It has, however, been thought necessary to provide also in each union for the temporary reception of destitute wayfarers from other districts. For these consequently there has been established practically everywhere a separate casual ward to which they can as a rule gain admission merely by asking at the door, and where they receive lodging and board subject to the performance of a task of work and to detention for a second night.

the following five chapters will be devoted. Later it may be possible and profitable, in discussing remedies, to reach some estimate, not indeed of the number of the unemployed, but of the importance of the various types of unemployment, relatively to the whole of industry and to one another.

CHAPTER III.

SEASONAL FLUCTUATIONS.

A familiar and common phenomenon. Spring and summer trades. Winter trades. Trades dependent on social habits. Differences of period, range, regularity and cause. Seasonal fluctuations met (*a*) by reduction of hours; (*b*) by use of subsidiary trades; (3) by private or collective saving. A surface movement. A question less of unemployment than of wages.

SEASONAL fluctuation is a well-recognised feature of certain trades. Every one realises that there is, on the whole, less work for bricklayers in winter than in summer and for court dressmakers in August than in May. Few people perhaps realise how common seasonal fluctuation is. Detailed inquiry shows that it is almost the exception rather than the rule for any trade to maintain fairly equable activity throughout the year. Most trades have their regular alternation of busy months and slack months.

The most general view of the subject is afforded by a study of the trade union unemployed percentages. By taking the average for each month over a period of years the effects of special circumstances, cyclical fluctuation and general changes of level may be assumed to be eliminated or made inappreciable. The seasonal fluctuation alone will be left. In Table VI. and the accompanying chart the result is given for four principal industries, the period of years being 1897 to 1906. In a good many cases the monthly returns published in the *Labour Gazette* make more detailed analysis possible. The unemployed percentages, however, though they cover a considerable variety of trades, by no means cover the whole industrial field. Fortunately, they can be supplemented for the present purpose by returns of a different nature, relating either to the actual or proportional numbers employed by a representative body of employers or to the number of days or shifts worked per week.

These and other statistics show a great variety of seasonal movements in different industries. No doubt the commonest is that from slackness in winter to activity in spring and in summer and *vice versâ*. Building, for instance, shows a steadily decreasing unemployed percentage from December to May, a fairly busy

time from then to the close of September (the actual minimum of unemployment being reached in August), and thereafter a percentage increasing steadily again. The closely related furnishing trades follow, as might be expected, a similar course, with the busiest time falling in spring rather than in summer. There are, however, many trades which are governed by quite different influences and show very different movements.

TABLE VI.—SEASONAL FLUCTUATION—UNEMPLOYED PERCENTAGES AT END OF EACH MONTH (MEAN OF 1897-1906).

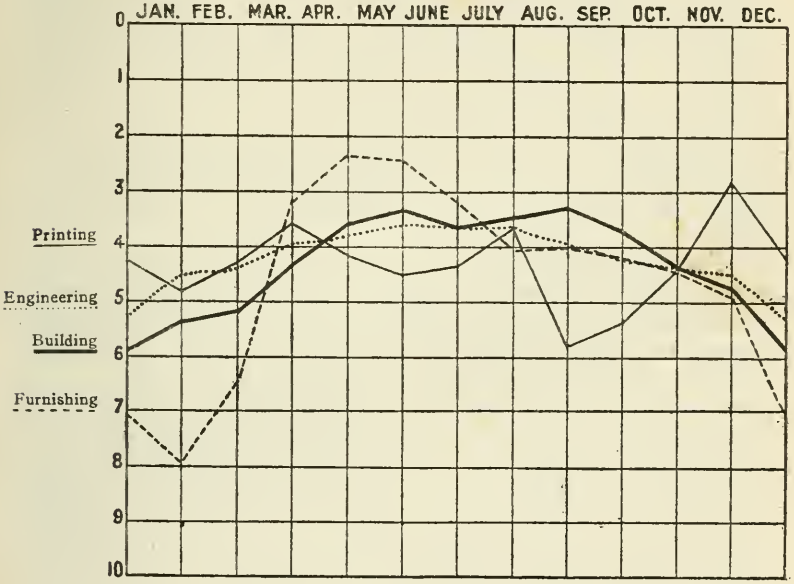
Month.	Building (Carpenters and Plumbers).	Furnishing.	Engineering.	Printing, etc.
January	5·43	7·88	4·54	4·84
February	5·20	6·47	4·42	4·26
March	4·39	3·25	3·97	3·57
April	3·65	2·38	3·79	4·18
May	3·39	2·45	3·59	4·51
June	3·69	3·20	3·67	4·40
July	3·50	4·09	3·69	3·74
August	3·34	4·05	3·96	5·82
September	3·76	4·19	4·24	5·44
October	4·40	4·45	4·42	4·49
November	4·76	4·93	4·52	2·88
December	5·93	7·07	5·33	4·24

In some cases, for instance, climatic conditions have an effect directly opposite to that which they have on building. Coal miners are distinctly less busy in the warmth of summer than in winter. During the ten years 1897-1906 the average number of days worked per week in all the coal mines making returns was 5·46 in December and only 4·93 in June. The summer is also, according to the Board of Trade returns, the slackest time for iron and steel works and tin plate and steel sheet mills. So it is again, beyond question, in some occupations for which no statistics are available, *e.g.*, at gas works.

In other cases marked and very characteristic seasonal fluctuations may be traced to social habits. The printing trades follow practically the same course year after year. The summer holidays always put an end to much work in connection with business and government. The season before Christmas is invariably the busiest. Then comes a falling off at the end of the year, a revival (in connection perhaps with the re-assembling of Parliament) in February, followed by a falling off in May and June and then a fresh burst of activity just before the holidays in

July. Another industry violently affected by social habits is that of dressmaking. Extreme pressure of work in the height of the London season—May and June—alternates with almost complete stagnation at its close. Thus returns obtained by the Board of Trade from a number of representative firms in the West End show a falling off of nearly 50 per cent. in the number of dressmakers employed between July and August. In the special branch of court dressmaking the fluctuation is, as a rule, even more violent.

CHART I.—SEASONAL FLUCTUATION—TRADE UNION UNEMPLOYED PERCENTAGES AT END OF EACH MONTH (MEAN OF 1897-1906).



The seasonal movements of different occupations do not, therefore, by any means coincide in point of time. They vary also very greatly in two other points of importance—regularity and range. As to the former it has to be noted that in some trades, such as printing, building, furnishing, dressmaking—as also at gas works and in certain forms of dock labour—seasonal fluctuation is a dominant characteristic and employment runs much the same course in each successive year. In other trades seasonal influences, though not absent, are liable to be over-ridden by influences of a different character. Here, though over a period of years the unemployed percentage for some months may average

out distinctly above or below that for other months, in any particular year the relative position is quite commonly found reversed, *e.g.*, by general expansion or contraction of trade. This is the case in iron and steel works, engineering, shipbuilding, and, speaking generally, in all trades connected with the production of metals and machinery. Such trades, it will be noticed later, are as a rule the most violently affected by cyclical fluctuation.

In regard to range of fluctuation the trade union returns show considerable differences between different trades. Thus, in furnishing, the range of the unemployed percentage is from 2·38 in April to 7·29, or nearly three and a half times as much in January, whereas in engineering the range is only from 3·59 in May to 5·33 in December. More remarkable, however, than these differences is the smallness of range apparent even in the most fluctuating trades. Thus, putting the figures in a slightly different form, even in the slackest months of the year 92·71 per cent. of the trade unionists recorded in the furnishing trades, 94·07 of those in the building trades and 94·18 of those in the printing trades appear to be in employment. Seasonal fluctuation, to judge by the trade union returns, is essentially a surface movement; it does not stir the depths.

There can be little doubt, indeed, that on this point the trade union returns, at least for some trades, are a little misleading. The building trade returns, for instance, refer really only to two classes of men—carpenters and plumbers—who, for various reasons, are the least affected by slackness in the winter. The trade unions, no doubt, fail also to some extent to get hold of the most casual men, *i.e.*, of just those who are most certain to be dismissed in the dead season. It is, therefore, important to compare the trade union returns wherever possible with returns of a different character. This can now be done for one of the industries most concerned—namely building—as the Board of Trade obtains from a number of representative firms monthly records of the workpeople of various classes employed by them. The total number of workpeople covered ranges from forty to over fifty thousand. The following table shows, for skilled and unskilled men separately, the percentage changes in the numbers employed from October, 1906, onwards:—

TABLE VII.—BUILDING TRADE—INCREASE OR DECREASE PER CENT. IN NUMBERS EMPLOYED BY FIRMS MAKING RETURNS

	1906.		1907.		1908.	
	Skilled Men.	Labourers.	Skilled Men.	Labourers.	Skilled Men.	Labourers.
January			+ 1·7	+ 1·4	− 1·2	− 3·1
February			+ 4·8	+ 1·2	+ 4·2	+ 2·0
March			+ 4·3	+ 7·6	+ 3·1	+ 5·0
April			+ 2·1	+ 2·9	+ ·6	− ·6
May			− 1·0	− ·8	+ 2·5	+ 3·8
June			− 2·5	− ·6	− 3·0	+ ·1
July			+ ·5	− 2·2	+ 1·7	+ 4·1
August			+ 2·9	+ 1·9	+ 5·0	+ 1·8
September			− 5·4	− 4·1	− 5·1	− 5·0
October	− 5·2	− 3·3	− 6·5	− 3·5	− 7·4	− 8·6
November	− 3·3	− 4·7	− 5·4	− 3·7	− 3·7	− 3·5
December	− 9·5	− 8·8	− 4·3	− 5·1	− 7·5	− 8·8

It will be seen that changes of more than 5 per cent. either way in a month are quite unusual, and that in this respect there is little difference between skilled men and labourers. Indeed the average of all the monthly changes is distinctly lower for the latter, about 3·4 as against 3·7 per cent. in the case of the skilled men. Taking 1907 as a whole it will be seen that in regard to labourers the first four months witness increases totalling up to 13·1 per cent., and the last four decreases totalling up to 16·4 per cent. Allowing therefore a liberal margin above the latter figure, it is reasonable to give 20 per cent. as the limit of difference between the numbers in the busiest and those in the slackest month, and therefore about 10 per cent. for the difference between the number for the busiest month and the mean for the year, the employers' returns in the building trade, while they show more fluctuation than do those from the unions, confirm the general impression of the relatively small loss of employment due to seasonal causes alone.[1]

The causes of seasonal fluctuations are sometimes classified as climatic or social. It is better perhaps to say that each type of cause is to be found in nearly every case. Climatic conditions necessarily give rise to social habits; indeed nearly all social habits involving regular annual fluctuation in the demand for labour may be traced ultimately to differences of temperature and

[1] In the case of building the decrease in the volume of employment during winter is slightly greater than is indicated by decrease in the numbers of employed because the working week is shorter. The difference due to this is not, however, very great; it is fully allowed for in the calculation on p. 36.

weather. On the other hand, social habits once established generally go beyond climatic necessities. It is, for instance, not so much impossible as unusual to build in winter. Sometimes fluctuation combines purely climatic with purely customary influences. At the London docks, for instance, tea comes in at one season of the year, timber at another, fruit at another according to climate. The net result is to make the general level of employment higher in the months about Christmas and again in July than it is in the early spring or in August and September. But with this goes a fluctuation dependent upon the customary dates of the wool sales for which large masses of additional labour are required. As a rule the sales take place six times a year and produce a regular up and down movement in the aggregate volume of employment. Sometimes, again—as is conspicuously the case with fluctuations of dock employment—the climate to be considered is not that of the United Kingdom but that of some other country whence goods come.

Seasonal fluctuation implies a falling off, in slack months, of the demand for labour. It is a cause of lack of employment entirely independent of the wishes and character of the individual workman, or, in general, of the individual employer. It does not, however, necessarily or indeed commonly involve acute distress.

In the first place, seasonal fluctuation may not lead to the actual discharge of workmen at all. In coal mining it is represented almost entirely by a reduction in the average number of days worked. In many other industries part, though not the whole, of the effect of seasonal fluctuation is carried off in this way—by a shortening of the working hours. For building operations, for instance, the London working week in summer consists of 50 hours, in winter of 44 hours. Here, therefore, the diminution in the numbers employed during the winter represents only part of the total diminution of employment. Part of the loss, by a reduction of working hours, is spread over all the men still employed.

In the second place, the difference in the period of fluctuation for different trades makes it possible for men thrown out of their usual occupation in a slack season to find a subsidiary occupation in some other industry which is then busy. Labourers engaged in the building trade or at brickfields in the summer can and often do find winter occupation at the docks or in gas works. Conversely labourers finding nothing to do at the riverside in August and September go regularly to pick hops or fruit or to help with the harvest. There are plenty of men in London who have been to the same farm for temporary work summer after

summer. There are in the same way plenty of men who get taken on year after year by the Post Office or by some of the big shops to meet the Christmas pressure. This use of subsidiary trades in slack seasons has, no doubt, its limits. Practically it is confined to low-skilled or unskilled work. A man cannot be a cabinet-maker in April, a bricklayer in August and a compositor in November. On the other hand, there is as little doubt that the practice might by the spread of information and by deliberate organisation be considerably extended. There is far more variety in the seasons for different occupations than is commonly supposed. They are as far as possible from all growing slack together in one month and all growing busy together in the next month. They offer, therefore, large possibilities of transference from one to the other, not indeed in the case of skilled men, but in respect of labourers and auxiliaries of every kind. In other words, they offer this possibility of dovetailing employments just where it is most necessary. The bricklayer cannot become a compositor in the winter months and may reasonably object in the intervals of his skill to doing the rough work of a gas stoker. But then just because of his skill he has higher wages; he can, therefore, better afford to save and stand idle entirely during slack seasons. The bricklayer's labourer with lower wages and therefore less room for saving can and does take up subsidiary work.

In the third place, seasonal fluctuation, being so very common and regular a phenomenon, is to a large extent provided for in the expenditure of wages. This is one of the functions of the unemployed benefit paid by many trade unions. One or two unions, it is curious to note, only pay this benefit during the slack season.[1] Outside these unions the matter has of course to be dealt with and is very commonly dealt with by individual effort. Though bricklayers, for instance, have no unemployed benefit they are seldom to be found among the applicants to Distress Committees as a result of seasonal depression alone. Even where the individual has made no provision for slack times beforehand he can often get through them by running into debt and clearing himself during the following busy season. This is a form of retrospective saving made possible and common by the institution of the pawnshop and the readiness of small shopkeepers and landlords to grant credit to men ordinarily in good work.

In practice, therefore, it is found that acute recurrent distress at times of seasonal depression is confined to the unskilled occu-

[1] This is the case with two unions of painters.

pations, and even in them to men who at all times are irregularly employed. The natural tendency is for the fact of seasonal fluctuation to be recognised as a normal incident of the industry and to be allowed for in the standard both of expenditure and of wages. Estimated by the hour the rate of pay even in the unskilled branches of the building trade is relatively high—that is to say, it allows a margin for provision against slack times. This is illustrated by the following calculation.

The wage of a builder's labourer in London for a full week in summer is sevenpence an hour for fifty hours or twenty-nine shillings and twopence. Since the working hours are a little shorter in winter his average earnings throughout the year for constant employment would be slightly less than this, or roughly twenty-eight shillings and sixpence. The difference between the number of labourers employed in the busiest month and the mean number for the whole year may be put at 10 per cent., that is to say, *so far as seasonal fluctuation alone is concerned*, the wages of all builders' labourers in London might average out at over twenty-five shillings a week.[1] In fact, of course, the average is very much lower,[2] because even in the busy seasons many builders' labourers fail to get steady work. They are subject not only to seasonal fluctuation but also to under-employment.

That, of course, is the root of the trouble. The men who winter after winter are in acute distress are the men who summer after summer can only live from hand to mouth, men whose earnings even in the busy months are cut down by irregularity of employment. They have no reserves and no credit. They almost certainly do not spend to the best advantage even such money as they do earn, for their whole life is an education in the futility

[1] This takes no account of the possibility of the work even of those who are employed being more broken on account of weather in winter than in summer. On the other hand, it omits also the important possibility of overtime in summer. These two considerations must be left to balance one another.

[2] Estimates of the average earnings of builders' labourers as a class are impossible, because there is no homogeneous class. At one extreme are picked men in practically continuous work under one or two well-known foremen; at the other end is the lowest type of casual. In Charles Booth's *Life and Labour of the People; Industry*, vol. i., p. 127, the actual earnings of an individual labourer for the years 1891 and 1892 are recorded, and work out at twenty-five shillings a week all through. Apart, however, from the fact that 1891 at least was a year of exceptional activity in the London building trade, it is clear that a man with sufficient method and character to keep a record of his earnings would be an unusually favourable example of his class. Other estimates given in the same place vary from seventeen shillings to thirty-one shillings and average twenty-three shillings and threepence. In his evidence to the Select Committee of 1895, Mr. Aves, the writer of the chapter quoted and a high authority on building trade conditions, estimated that in London the average earnings of a man who was really a builders' labourer by calling and not merely a "general labourer" would be not less than twenty-one shillings throughout the year.

of foresight. They find themselves at the first pinch in the streets.

Ultimately, therefore, seasonal fluctuation becomes a question not of unemployment but of wages. From an economic point of view no industry is self-supporting unless it pays wages sufficient to keep men, not only while they are at work, but also while they must stand idle and in reserve. Where in any occupation seasonal fluctuation year after year brings round acute distress, that occupation must be judged as one in which wages are too low or ill-spent, because they do not average out to a sufficiency for the slack months as well as for the busy ones. It is from this point of view that the problem must be regarded. It is upon this basis that its treatment must be attempted.

CHAPTER IV.

CYCLICAL FLUCTUATION.

Alternate rise and fall of average unemployed percentage in periods of years. All principal trades affected together. Fluctuation in the labour market part of general economic ebb and flow. The pulse of the nation. Shown in bank rate, foreign trade, marriage rate, consumption of beer, crime, pauperism, company formation, railway receipts, bankers' clearances, wages, prices. Peculiar features since 1900. Material life of the nation governed by alternations of expansion and contraction.

Causes of cyclical fluctuation still in dispute. Distinction between financial crises and industrial depressions. Two types of theory untenable, *viz.*: those not applicable to all advanced industrial countries alike and those requiring fixed periods. Foreign trade fluctuation of principal countries. Three types of theory still possible. (1) Fluctuation in supply of gold and silver. (2) Misdirection of productive energy. (3) Superfluity of productive energy. The "under-consumption" theory. The competition theory. Cyclical fluctuation as the necessary form of progress under competition.

No final theory as to cyclical fluctuation can yet be given. Fluctuation itself certain to continue. Average rate of growth of demand for labour adequate for growth of population; actual rate sometimes greater, sometimes less. Recurrent pressure in labour market more or less successfully met in some trades. Not met by unorganised workmen. Mansion House Relief Funds. Better measures of palliation needed.

In the table on p. 18 the last column gives for each year the unemployed percentage got by averaging the percentages for each separate month. This column shows, in fact, the changes in general level from year to year, after the effect of purely seasonal fluctuations has been eliminated. It is at once evident that the general level changes very considerably and with some regularity. The mean unemployed percentage first falls steadily from the 6·9 at which it stood in 1894 to 2·4 in 1899, rises to 6·5 in 1904, falls to 4·1 in 1906, and is now rising again.

These figures are one illustration of the remarkable phenomenon which will be described in the present chapter under the name of cyclical fluctuation of industrial activity.

The unemployed percentages in certain important trade unions are now available for a good many years back and have been published in the Second Series of *Memoranda on British and Foreign Trade and Industry*, p. 98. From this the following table has been adapted showing the mean annual percentages of unemployed trade unionists in four principal industrial groups separately and in all together during the past fifty or sixty years.

TABLE VIII.—CYCLICAL FLUCTUATION—TRADE UNION UNEMPLOYED PERCENTAGES AND PRODUCTION.

Year.	Engineering, Shipbuilding and Metal.		Building.	Woodworking and Furnishing.		Printing and Bookbinding.		All Unions making Returns (Corrected Weights).		Raw Cotton. Lbs. consumed per Head.	Pig Iron. Cwts. produced per Head.	Shipbuilding. Tons built per 1,000.
								Percentage Unemployed.	Percentage *not* Unemployed.			
1860	1·9		0·2	—		2·1		1·85	98·15	37·7	2·6	7·88
1861	5·5		1·8	—		3·1		3·70	96·30	34·8	2·6	7·02
1862	9·0		1·8	—		3·5		6·05	93·95	15·3	2·6	8·97
1863	6·7		1·2	—		3·2		4·70	95·30	17·5	3·0	12·86
1864	3·0		0·4	—		1·3		1·95	98·05	18·9	3·2	15·52
1865	2·4		0·3	—		2·0		1·80	98·20	24·0	3·2	14·98
1866	3·9		1·1	—		1·8		2·65	97·35	29·8	3·0	12·61
1867	9·1		3·0	4·8		2·7		6·30	93·70	31·3	3·2	10·06
1868	10·0		2·9	5·0		2·5		6·75	93·25	32·5	3·2	11·80
1869	8·9		3·6	4·5		2·8		5·95	94·05	30·4	3·4	12·56
1870	4·4		3·7	4·8		3·5		3·75	96·25	34·5	3·8	12·64
1871	1·3		2·5	3·5		2·0		1·65	98·35	38·3	4·2	12·38
1872	0·9		1·2	2·4		1·5		0·95	99·05	36·9	4·2	14·87
1873	1·4		0·9	1·8		1·3		1·15	98·85	38·7	4·2	14·13
1874	2·3		0·8	2·1		1·6		1·60	98·40	38·9	3·6	18·58
1875	3·5		0·6	2·0		1·6		2·20	97·80	37·6	4·0	14·39
1876	5·2		0·7	2·4		2·4		3·40	96·60	38·5	4·0	11·38
1877	6·3		1·2	3·5		2·6		4·40	95·60	36·7	4·0	13·42
1878	9·0		3·5	4·4		3·2		6·25	93·75	34·7	3·8	13·89
1879	15·3		8·2	8·3		4·0		10·70	89·30	34·3	3·4	11·84
1880	6·7		6·1	3·2		3·2		5·25	94·75	39·8	4·4	13·61
1881	3·8		5·2	2·7		2·8		3·55	96·45	41·4	4·6	17·45
1882	2·3		3·5	2·5		2·4		2·35	97·65	41·4	4·8	22·25
1883	2·7		3·6	2·5		2·2		2·60	97·40	42·4	4·8	25·20
1884	10·8		4·7	3·0		2·1		7·15	92·85	41·1	4·4	16·48
1885	12·9		7·1	4·1		2·5		8·55	91·45	37·0	4·2	12·25
1886	13·5		8·2	4·7		2·6		9·55	90·45	40·4	3·8	9·14
1887	10·4		6·5	3·6		2·2		7·15	92·85	40·7	4·2	10·31
1888	5·5	6·0	5·7	3·6	3·1	2·5	2·4	4·15	95·85	41·3	4·4	15·55
1889	2·0	2·3	3·0	2·6	2·4	2·1	2·5	2·05	97·95	41·2	4·4	22·98
1890	2·4	2·2	2·2	1·5	2·5	1·9	2·2	2·10	97·90	44·2	4·2	21·67
1891	4·4	4·1	1·9	1·7	2·1	2·9	4·0	3·40	96·60	44·1	4·0	21·42
1892	8·2	7·7	3·1	2·4	3·8	3·6	4·3	6·20	93·80	40·0	3·6	21·04
1893		11·4	3·1		4·1		4·1	7·70	92·30	38·5	3·6	15·18
1894		11·2	4·3		4·4		5·7	7·70	92·30	41·6	3·8	17·21
1895		8·2	4·4		3·6		4·9	6·05	93·95	41·8	4·0	16·55
1896		4·2	1·3		2·0		4·3	3·50	96·50	41·6	4·4	18·61
1897		4·8	1·2		2·2		3·9	3·65	96·35	40·6	4·4	16·12
1898		4·0	0·9		2·3		3·7	3·15	96·85	43·1	4·2	21·55
1899		2·4	1·2		2·1		3·9	2·40	97·60	43·1	4·6	23·26
1900		2·6	2·6		2·8		4·2	2·85	97·15	39·4	4·4	22·92
1901		3·8	3·9		3·7		4·5	3·80	96·20	39·6	3·8	23·63
1902		5·5	4·0		4·1		4·6	4·60	95·40	39·0	4·1	22·63
1903		6·6	4·4		4·7		4·4	5·30	94·70	36·7	4·2	17·89
1904		8·4	7·3		6·8		4·7	6·80	93·20	36·6	4·1	20·66
1905		6·6	8·0		5·8		5·1	5·60	94·40	42·8	4·4	24·27
1906		4·1	6·9		4·8		4·5	4·10	95·90	43·6	4·6	26·47
1907		4·3	6·4		4·8		4·3	4·30	95·70	44·7	4·6	23·52

The table discloses at once a remarkable series of waves of good and bad employment affecting all four groups nearly simultaneously. From the bad time of 1862, employment, as indicated by the general unemployed percentage, improves till 1865, and falls off as steadily till 1868, when it begins to improve again till 1872, and falls off very gradually again till 1879. From that it recovers till 1882 to relapse again in 1886, and recovers till 1890, to relapse again in 1893-94, and, subject to a break occasioned by the engineering strike of 1897, recovers till 1899 to relapse again till 1904, and recovers slightly till 1906 to relapse again in 1907-8. This summary, based on the movements of the general unemployed percentage, can, with a very slight adjustment of dates, be fitted to any one of the four groups separately. All four share prosperity and adversity in turn and together. It is only necessary to note, first, that so far as any difference is observable in the periods for the separate groups, there is a tendency for the movements of the most important one—engineering, shipbuilding and metals—to precede those of the others (*e.g.*, in the bad years about 1868 and 1893-94, and the good years about 1872 and 1890); second, that though the periods of fluctuation, are as stated, roughly the same for each group, the range of fluctuation varies extremely. In the engineering, shipbuilding and metal groups the range is very great. The average unemployment at the four minima, 1872, 1882, 1890, 1899, is 2·0; that for the four maxima, 1868, 1879, 1886, 1893, is 12·5 or more than six times as great. In building the range is less; from an average for the four corresponding minima of 1·7 to one for the four corresponding maxima of 6·1 or three and a half times as great. In furnishing and wood-working the range is from 2·1 to 5·3, or two and a half times. In printing and book-binding it is least of all; from an average minimum of 2·3 to an average maximum of 3·9 or only one and three-quarter times. It is noticeable that this order for cyclical fluctuation is almost exactly the reverse of that for seasonal oscillation. So far as the unemployed percentages may be trusted, the trades which are most regularly affected by a seasonal movement from month to month are those least affected by a cyclical movement from year to year.

The figures cited embrace a fair variety of trades. They do not by any means cover the whole industrial field. Some of the principal industries of the country—coal-mining, textiles, iron-mining and manufacture—are not at all or quite inadequately represented in the unemployed percentage. The degree of industrial activity in them may, however, be indicated in other ways.

The last three columns of the table just given show in proportion to population the consumption of raw cotton, the production of pig iron, and the tonnage of ships built in the United Kingdom during each year since 1860. In each case fluctuation corresponding in dates to that of the unemployed percentages is apparent. The years 1872-74, 1882, 1889-90, 1899 are marked by exceptional activity; the years 1879, 1885-86, 1893-94 and 1903-4 by relative slackness.

In regard to coal-mining the average number of days worked per week can be given for each year since 1895.[1] During that period there appears first a definite improvement to a maximum in 1900, followed by depression becoming most acute in 1905, and now again by an improvement which has made 1907 a record year.

This fluctuation of industrial activity has clearly nothing to do with the wishes or characteristics of the men employed. It is not within the control of individual employers. It is not limited to particular trades. It represents alternate expansion and contraction in the general demand for labour and is only one aspect of a still more general ebb and flow dominating the economic life of the nation. The fluctuation just traced in the records of the labour market and of production in one or two principal industries is more or less closely reflected in almost every series of commercial and social statistics. The evidence for this statement is to be found in the annexed table and chart.

The central position in the chart is occupied by a curve of employment in trade unions, which is simply the curve of unemployment reversed, so as to represent an unemployed percentage of 2·5 as an employed percentage of 97·5 and so on. Lines drawn through the successive lowest points of this curve—1868, 1879, 1885, 1894, 1904—cut it up into waves of unequal length, representing successive industrial cycles. The crest of each wave is at about 98; the depressions are anywhere between 89 and 94. The point of the chart is this, that the same lines cut up every one of the other curves into corresponding waves.

The uppermost curve, for instance, represents the bank rate, that is to say, the average minimum rate per cent. of discount charged by the Bank of England in each year. Rising when money is in brisk demand and falling when it is not, this rate is a general indication of the degree of financial and so of commercial activity at any time. The chart shows a quite unmistakable tendency for the curve of the bank rate to rise and fall with the curve of employment. In the successive years of minimum em-

[1] *Cf.* Table V., p. 25.

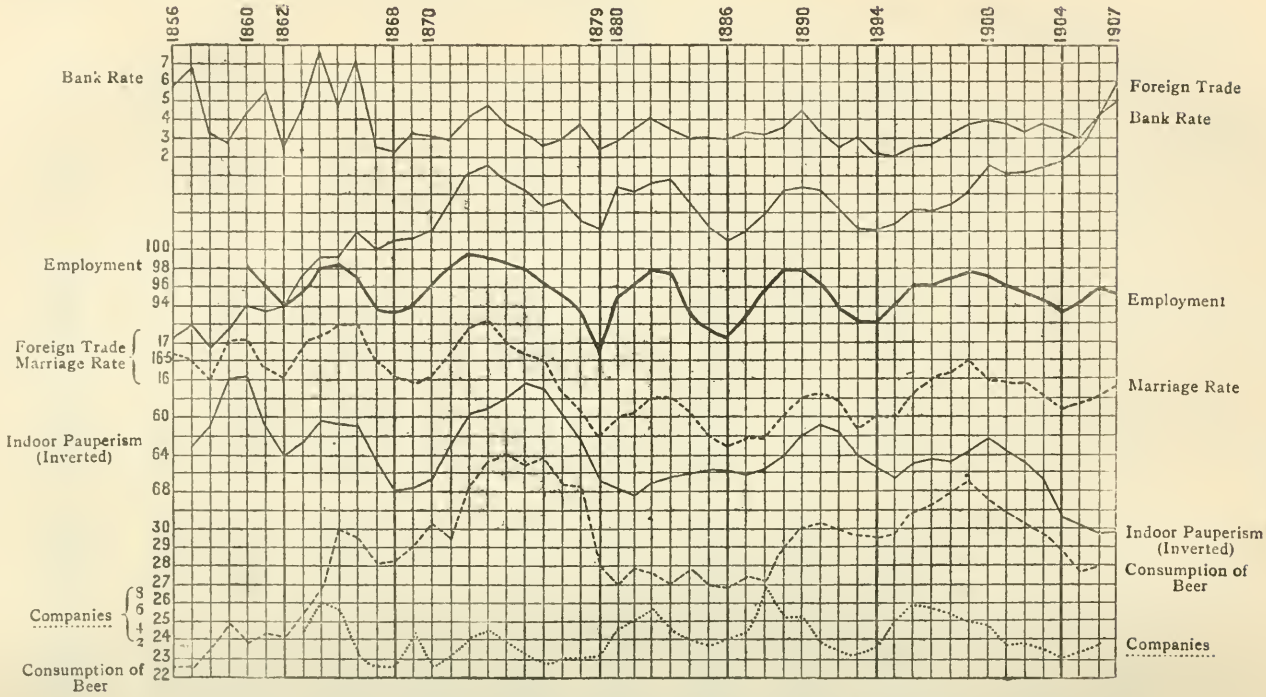
TABLE IX.—THE PULSE OF THE NATION.

Year.	Bank Rate (Average Minimum Discount Rate of per cent.).	Imports and Special Exports per Head.[1]	Employed Percentage (Trade Unions).	Wholesale Prices (1900=100).	Wages (1900=100).	Companies Registered during Year. Nominal Capital per Head.	Railway Receipts: Net per cent. of Paid-up Capital.	Marriages per 1,000 of the Population, England and Wales.	Consumption of Beer per Head (Gallons).	Crime.		Pauperism.	
										Drunkenness. Prosecutions per 100,000.	Indictable Offences Tried (in Thousands).	Indoor, England and Wales, per 10,000 (Mean of No. at end of each Month).	Vagrants, London (Friday Nights).
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
		£ s. d.				£	£						
1856	5⅜	10 5 8	—	—	—	—	—	16·7	22·6	—	—	—	—
1857	6¾	10 19 10	—	—	—	—	—	16·5	22·6	—	54·7	63·0	—
1858	3½	9 17 10	—	—	—	—	—	16·0	23·6	—	52·5	61·2	—
1859	2¾	10 16 1	—	—	—	—	—	17·0	24·8	—	50·1	56·1	—
1860	4½	12 0 3	98·15	—	—	—	4·19	17·1	23·8	—	48·5	55·7	—
1861	5¼	11 15 10	96·30	—	—	—	4·06	16·3	24·3	—	56·0	61·0	—
1862	2½	11 19 7	93·95	—	—	—	3·86	16·1	24·1	—	61·3	64·2	—
1863	4½	13 9 5	95·30	—	—	4·8	3·99	16·8	25·4	—	61·4	62·8	—
1864	7½	14 12 11	98·05	—	—	8·0	4·23	17·2	26·7	—	58·4	60·6	—
1865	4¾	14 12 0	98·20	—	—	6·9	4·11	17·5	29·8	—	59·9	60·9	—
1866	7	16 1 3	97·35	—	—	2·5	4·02	17·5	29·4	—	57·6	61·2	—
1867	2½	15 0 0	93·70	—	—	1·0	3·91	16·5	28·1	—	59·5	65·2	—
1868	2¼	15 9 2	93·25	—	—	1·1	—	16·1	28·2	—	62·4	68·0	—
1869	3½	15 13 5	94·05	—	—	[4·5][4]	4·22	15·9	29·1	—	61·3	67·7	—
1870	3⅛	16 1 9	96·25	—	—	1·2	4·41	16·1	30·2	—	56·1	66·8	—
1871	2⅞	17 11 3	98·35	136·0	—	2·2	4·66	16·7	29·3	—	53·1	63·2	1,123
1872	4⅛	19 3 5	99·05	145·8	—	4·1	4·74	17·4	32·2	—	51·9	59·9	—
1873	4¾	19 9 5	98·85	152·7	—	4·7	4·59	17·6	33·5	—	53·5	59·2	603
1874	3½	18 15 2	98·40	148·1	91·73	3·4	4·37	17·0	34·0	783	53·5	58·2	603
1875	3¼	18 4 0	97·80	141·4	90·30	2·5	4·45	16·7	33·3	850	50·0	56·6	451
1876	2⅝	17 7 0	96·60	138·0	89·42	1·4	4·36	16·5	33·7	842	51·9	57·1	609
1877	2⅞	17 13 6	95·60	141·6	88·33	2·0	4·32	15·7	32·3	810	53·8	59·8	699

1878	3¾	16	11	1	93·75	132·6	85·14	2·0	4·25	15·2	32·2	778	56·0	62·5	726
1879	2⅜	16	3	6	89·30	126·6	83·35	2·2	4·15	14·4	28·0	703	55·0	66·8	718
1880	2¾	18	6	7	94·75	129·6	88·27	4·9	4·38	14·9	27·0	673	60·7	67·9	795
1881	3½	18	1	4	96·45	127·3	84·78	6·0	4·29	15·1	27·8	670	60·6	68·4	802
1882	4⅛	18	11	9	97·65	128·4	85·83	7·2	4·32	15·5	27·6	720	63·3	67·2	814
1883	3 9/16	18	16	2	97·40	126·8	85·84	4·7	4·29	15·5	27·2	724	60·8	66·7	482[3]
1884	2 13/20	17	8	10	92·85	114·7	85·04	3·9	4·16	15·1	27·8	736	59·6	66·3	510
1885	3	16	4	4	91·45	107·7	83·63	3·3	4·02	14·5	27·1	673	56·4	65·8	580
1886	3	15	9	10	90·45	101·6	82·86	4·0	3·99	14·2	26·9	600	56·2	65·9	578
1887	3⅛	15	19	2	92·85	99·6	83·02	4·6	4·00	14·4	27·3	585	56·2	66·2	738
1888	3⅕	16	17	5	95·85	102·7	84·72	9·6	4·06	14·4	27·2	591	58·5	65·9	1,136
1889	3½	18	4	0	97·95	104·0	87·51	6·5	4·21	15·0	28·9	613	57·6	64·4	960
1890	4½	18	5	1	97·90	104·0	90·26	6·4	4·10	15·5	30·0	660	55·0	62·0	858
1891	3⅓	18	1	3	96·60	107·4	91·54	3·5	4·00	15·6	30·2	644	54·1	60·9	842
1892	2½	17	1	5	93·80	101·8	90·06	2·7	3·85	15·4	29·8	591	58·3	61·7	919
1893	3 1/20	16	3	8	92·30	100·0	90·13	2·5	3·60	14·7	29·6	568	57·4	64·1	957
1894	2⅕	16	1	4	92·30	94·2	89·49	3·0	3·77	15·0	29·5	593	56·3	65·4	1,086
1895	2	16	7	10	93·95	91·0	89·11	6·0	3·80	15·0	29·6	557	50·8	66·5	1,129
1896	2½	17	4	6	96·50	88·2	89·92	7·8	3·88	15·7	30·8	608	50·7	65·2	1,063
1897	2⅝	17	2	9	96·35	90·1	90·80	7·3	3·73	16·0	31·3	620	50·7	64·8	1,045
1898	3¼	17	8	8	96·85	93·2	93·20	6·7	3·55	16·2	31·8	643	52·5	65·0	1,064
1899	3¾	18	3	2	97·60	92·3	95·37	6·0	3·61	16·5	32·6	672	50·5	63·8	1,009
1900	3 1/16	19	11	8	97·15	100·0	100·00	5·4	3·41	16·0	31·6	634	53·6	62·4	916
1901	3 1/16	19	1	8	96·20	96·9	99·07	3·5	3·27	15·9	30·8	643	55·5	63·7	969
1902	3⅛	19	4	1	95·40	96·5	97·78	3·7	3·42	15·9	30·3	636	57·1	65·0	985
1903	3¾	19	11	1	94·70	96·9	97·20	2·9	3·42	15·6	29·7	690[2]	58·4	66·8	1,089
1904	3⅓	19	15	10	93·20	98·3	96·71	2·1	3·39	15·2	28·8	674	60·0	71·1	1,133
1905	3	20	11	7	94·40	97·6	96·99	2·7	3·41	15·3	27·7	642	61·5	71·8	1,168
1906	4 17/20	22	6	10	95·90	100·5	98·33	3·1	3·50	15·6	28·0	—	59·1	72·5	1,190
1907	4 37/40	24	1	6	95·70	105·8	101·68	3·1	3·47	15·8	27·6	—	—	72·5	1,121

[1] Excluding Ships throughout. [2] Licensing Act, 1902. [3] Casual Poor Act, 1882.
[4] The abnormally high figure is due to a single Company with a Registered Capital of £100,000,000, of which not £100 was subscribed.
Unless the contrary is stated all the statistics apply to the United Kingdom.

CHART II.—THE PULSE OF THE NATION.



The scales at the left-hand side indicate respectively the actual Bank Rate of discount per cent., the percentage of trade union members not returned as unemployed, the number of marriages in England and Wales per 1000 of the population, the number of indoor paupers in England and Wales per 10,000 of the population, the gallons of beer consumed, and the nominal capital of new companies registered, in pounds, per head of the population. No scale is given for the Foreign Trade curve. Unless the contrary is stated, all figures apply to United Kingdom generally.

ployment—marked by the heavy vertical lines of the chart—the average rate of discount has been $2\frac{1}{2}$, $2\frac{1}{4}$, $2\frac{3}{8}$, 3, $2\frac{1}{9}$, $3\frac{1}{3}$. In the successive years of maximum employment it has been $4\frac{1}{4}$, $4\frac{3}{4}$, $4\frac{1}{8}$, $4\frac{1}{8}$, $3\frac{1}{2}$, $3\frac{3}{4}$. The correspondence of period of fluctuation is not, indeed, absolute. The bank rate constantly reaches its actual maximum or minimum in the year just before or just after employment, as shown by the trade union percentages, does so. The bank rate is also affected by a variety of exceptional and temporary causes. It rises when commercial expansion is increasing the demand for money. It rises also at times of financial panic when credit is overthrown and business practically at a standstill. The distinction between such financial crises, with a high bank rate, and industrial depressions, with a low bank rate, is a point whose importance is perhaps hardly sufficiently realised. It will come up for consideration later. In the meantime attention may be called to another peculiarity of the bank rate, apparent in the periods 1868-79, 1886-94, 1894-1904. In each of these there are, in addition to the main fluctuation leading to a maximum at about the middle of the period, two minor fluctuations resulting in subsidiary maxima one on each side of the principal one. Thus from 1868 the bank rate rises to 1869, falls slightly to 1871, rises to its greatest height in 1873, falls to 1876 and then rises again to 1878 before completing the cycle with a fall to 1879.

The curve designated "Foreign Trade" marks the values, per head of the population, of exports (British and Irish produce) and imports. Expressing values not quantities, it is liable to distortion by fluctuation of prices. It shows also a general change of level in the period up to 1872 and, apparently, now again in the last few years of the table. Neither of these facts destroys the significance of the curve as a picture of trade fluctuation or conceals the close relation between it and the curves for the bank rate and employment. It is for this purpose alone—that of showing the movement from one year to the next—that the chart is intended. A general warning may here be given against using any of the figures in the table, without further examination, for any purpose other than this, *e.g.*, to compare the general level as between the beginning and the end of the total period covered.[1]

[1] Changes due to movements of price are one source of error. Another is well illustrated by the marriage curve, which appears since 1880 to show through the fluctuations a general upward tendency. This appearance is entirely due to changes in the age distribution of the people. Owing to the falling birth rate there are proportionately more persons at marriageable age and fewer children in the population now than formerly. The number of marriages in proportion to the total population not unnaturally rises. The number of marriages in proportion to persons at marriageable age shows no tendency to rise.

The three upper curves—representing the most general facts available as to the state of finance, commerce and employment respectively—are absolutely distinct in origin and character. Yet they are all strikingly correlated. By their agreement they map out the collective economic history of the nation into definite though unequal periods, each witnessing a burst of exceptional activity followed by an interval of comparative stagnation. The influence of this movement is felt in almost every department of human life.

The tendency to matrimony, for instance, is undoubtedly related to the comparative prosperity or adversity of the times. The marriage-rate shown in the chart, that is to say, the number of marriages each year to every thousand persons, rises and falls with the bank rate, the value of foreign trade and the employed percentage.

The influences which favour matrimony also favour drinking. The consumption of alcoholic liquors per head of the population increases as a rule in good years and decreases in bad ones. The chart shows this for beer alone. The same relation holds in regard to wine and spirits. For the rich man as for the poor man the years of depression—1862, 1868, 1879-80, 1886, 1894, 1904-5—are years of compulsory temperance. Prosperity leads to riotous living. Nowhere is this so marked as in the contrast between 1874, when, for every man, woman and child in the country, there were consumed 34 gallons of beer, 1·26 gallons of spirits and ·53 gallons of wine, and 1880, when the consumption of beer per head had fallen off to 27 gallons, that of spirits to 1·07, that of wine to ·45. A similar fall has taken place in the years from 1899 onwards and has been hailed as evidence of increasing sobriety. Yet it is well to remember that the years from 1899 to 1904-5 correspond with the last period of decreasing employment, and that the recovery of trade in 1906-7 witnessed a recovery in the amount of drinking. The decrease in the consumption of alcohol in the last ten years has been great enough to justify a hope of permanent improvement, but the hope may be rudely shattered at the next period of general prosperity. Between 1874 and 1880 the consumption of beer fell off as already stated from 34·0 to 27·0 gallons, or more than 20 per cent., yet in 1899 it was up again at 32·6. The figure for 1905 ought to be compared, not with that for 1899, but with those for previous epochs of depression—29·5 in 1894, 26·9 in 1886, 27·0 in 1880, 28·2 in 1868. These figures relate to beer. In regard to wine there has indubitably been a great fall irrespective of trade fluctuation. The consumption per head in 1905 was

less than 50 per cent. of that in 1873 and 1876, and less than 63 per cent. of that in the lean year of 1879.

The consumption of alcohol leads to drunkenness, and drunkenness is not only at times in itself an offence against law and order but also the fruitful source of other offences. An experienced Scottish witness before the Licening Commission, speaking indeed rather of the contrast between summer and winter than of that between successive years, went so far as to suggest the generalisation that the prisons filled as the poorhouses emptied (in times of prosperity and drinking) and emptied as the latter filled (in times of depression and compulsory abstinence). In regard to prosecutions for drunkenness itself the relation is made out. The yearly number of prosecutions per 100,000 of the population tends to rise and fall in close dependence upon the bank rate, the employed percentage, and all the other indications of prosperity. From 850 in the fat year of 1875, it sank to 673 in the lean year of 1880, rose to 736 and sank again to 585 in 1887, rose to 660 and sank to 557 in 1895, rose to 672 in 1899, and began to sink again till the changes of law effected by the Licensing Act, 1902, came into operation.[1] After that change there followed a further fall to the depression of 1904-5.

In regard to offences other than drunkenness no generalisation can be made. Criminality is a very complex phenomenon and is in its different forms the indication, not merely of distinct, but of opposed influences. There is some ground for saying that assaults and minor crimes of violence, having their origin very often in drunkenness, tend to be more frequent in years of good trade and less frequent in years of bad trade. On the other hand, the pressure to steal is increased by adversity. According to the last *Report on Criminal Statistics* there is a distinct correlation between the number of larcenies and the volume of foreign trade each year; as trade expands larcenies decrease and *vice versâ*. The result is to make the general course of crime as shown by the number of indictable offences agree with that of unemployment,[2] for the great majority of such offences are thefts of various kinds.

Another instance of connection between trade depression and

[1] This Act substituted "drunk and incapable" for "drunk and disorderly" as a ground of prosecution, and made other changes extending the scope of the law.

[2] This result shows that some, not that all or any large proportion of crime, is committed under pressure of exceptional distress by people who in normal times would be respectable citizens. It would be quite consistent with the fluctuation shown that the bulk of crime should be that of habitual offenders and be unaffected by variation of industrial conditions.

It should be noted that the table gives the absolute number of offences in each year. Since this absolute number has fluctuated at about the same level since 1856, it represents a great decrease of crime relatively to the population, which has during the period grown from twenty-eight to forty-four millions.

individual failure is afforded by pauperism. In the chart the most important statistics, those of indoor pauperism in England and Wales, are shown in an inverted form; that is to say, the numbers run downward so as to make a downward movement of the curve indicate a growth of pauperism and an upward movement a decrease. In this way direct optical comparison with the other curves is made possible. The numbers themselves give for each year the number of paupers for 10,000 of the population as the mean of twelve counts, one at the end of each month.

Once again a striking correlation with the state of trade and employment becomes evident. The correlation has, however, one peculiar feature. Since 1870 the curve of pauperism has reached its successive lowest points—indicating maxima of pauperism—not in the year of greatest industrial depression, but in the next year or the year after that; it has reached its highest points in turn, not at the actual moment of greatest industrial prosperity, but just after. The worst years for employment have been 1879, 1886, 1893-4, 1904. To these correspond maxima of pauperism in 1881, 1887, 1895, 1905-6. During the same period the best years for employment have been 1872-4, 1882, 1889-90, 1899. To those correspond minima of pauperism in 1875, 1885, 1891, and 1900. These statements refer directly only to one form of pauperism, that classified as "indoor," exclusive of lunatics, vagrants and patients in the fever and small-pox hospitals of the Metropolitan Asylums Board. Outdoor pauperism is much more affected by changes of administrative policy. Between 1868 and 1878 it fell in England and Wales as a whole from 371 per 10,000 of the population to 214, and in London alone from 335 to 111. Nevertheless it too is clearly subject to the same influences as indoor pauperism, and fluctuates between maxima and minima occurring, as a rule, in the years immediately succeeding those of greatest and least unemployment. The London statistics tell the same tale as those for the whole country. This is seen, perhaps, most clearly in regard to the inmates of casual wards, who include a certain proportion of the able-bodied unemployed or unemployables. Starting from a minimum of 482 in 1883 (the year after the passing of the stringent Casual Poor Act) the average number of paupers relieved in the casual wards of London on all the Fridays of the year rises to a maximum of 1136 in 1888, falls to 842 in 1891, rises to 1129 in 1895, falls to 916 in 1900, rises to 1190 in 1906, and, after a fall in 1907, is now rising once more. Broadly speaking, the course of pauperism in all its principal forms follows the course of unemployment at an interval of about a year. This interval may be explained in various ways.

First, it may be a phenomenon exactly parallel to that which makes the greatest heat of summer occur not at but a month or so after the longest day of the year, and the greatest cold of winter occur not at but a month or so after the shortest day. The movement of temperature depends upon the balance of inflow of warmth (during the day) and outflow (during the night). It, therefore, continues to rise in July even after the days have begun to shorten, so long as they still remain relatively long; and it continues to fall in January because the days though lengthening are still short. In the same way the increase or decrease of pauperism depends upon the relative volumes of the inflow (fresh cases of distress) and of the outflow (by death and the like). Assuming the latter to be fairly constant, pauperism would tend to increase whenever unemployment was above a certain level, that is to say, it might increase even after the greatest depression in the labour market was over, so long as sufficient depression remained to keep the inflow of paupers above normal. In the same way pauperism would tend to decrease whenever unemployment was below a certain level, that is to say, it might continue to decrease even after trade had taken a downward turn and, though remaining good, was not as good as before.

Second, the interval between the crises of unemployment and those of pauperism may represent the actual average interval between the dislodgement of persons from the industrial ranks and their arrival at the workhouse. That there is such an interval is certain. Even the poorest families have a modicum of resisting power; loss of employment by the head of the family rarely involves immediate application to the Poor Law. There may be children earning; there may be a secret hoard kept by the wife and mother; there is, in any case, a certain investment of previous savings in furniture; there are all the resources of friends and charity and credit. The stream of men thrown out from industry is, no doubt, greatest in the years of the highest unemployed percentage and least in those of the lowest. It does not in either case reach the workhouse till an interval which may be months or may be a year and more.

There is probably an element of truth in each of these explanations. Without extensive inquiry into the records of individual workhouses it is impossible to choose between them or to regard either as proved to the exclusion of other hypotheses. Whatever the precise explanation the salient facts of the connection between pauperism and unemployment remain. First, there is a definite correlation; cyclical depression of trade sends fresh recruits to the workhouses. Second, the correlation is not direct.

The workhouses do not begin to fill with the first contraction of the demand for labour or to empty with its first expansion. They do not serve as reservoirs of labour in immediate connection with the industrial world. This negative conclusion merely confirms the almost unanimous testimony of Poor Law officials, that respectable, able-bodied workmen practically never enter the workhouse. The men who enter the workhouse or go on the tramp, leaving their families to the Poor Law, are, as a rule, those whom adversity, combined, no doubt, with their own weaknesses, has made no longer able-bodied or respectable. Having once entered, they seldom return to industry again. The interval which elapses between loss of employment and recourse to public assistance is too often only an interval in which idleness becomes acceptable, drink the refuge from despair, and privation the origin of disease and infirmity. Losing daily in industrial value and harried from place to place by the unsatisfied rent-collector and tradesmen, the unemployed workman thrown out by industrial depression becomes perhaps at last hopelessly demoralised and hopelessly out of touch with old associates and employers just at the time when revival of trade would give him a chance again if he remained fit to take it. Missing that chance he continues the downward course which leads him, a full-fledged unemployable, into the workhouse or the casual ward.

It would be possible to extend almost indefinitely the foregoing review of social statistics and almost everywhere to meet the same familiar phenomenon. The formation of new joint stock companies is subject to the most remarkable and regular fluctuations, in which it is interesting to observe that the turning points —maxima and minima—tend, as might have been expected, to precede by a year or so the times of greatest and least actual prosperity in commerce and industry.[1] Wages rise in years of expanding trade and fall or remain stationary as an increasing unemployed percentage heralds an era of acute distress. Subject to general changes of level, prices, both wholesale and retail, follow the same course. Other things being equal the manufacturer pays more for his raw material, the trader for his stock-in-trade, and the workman for his food and clothing in good years than in bad. In the net receipts of railways per cent. of paid up capital, in the activities of the London Bankers' Clearing House, and in countless other branches of economic activity the same alternation is perceptible. It is hardly too much to say that,

[1] The exceptionally high figure in 1869 is due to the registration of one company with a nominal capital of £100,000,000, of which not more than £200 was ever subscribed. Apart from this the registrations amounted to only £41,000,000 or £1·3 per head of the population, about the same as the years 1868 and 1870.

apart from the death-rate, the only prominent social and economic records in which the pulsation of the nation's aggregate activities cannot be traced as a significant factor, whether cause or symptom, are the price of Consols and the price of wheat. By a curious though explicable perversity the first of these records—the least reliable of all because subject to the greatest variety of unconnected influences—is the one that has hitherto had most popular favour as a symptom of the nation's economic condition. The second refers to an element at one time, no doubt, of primary importance, but long driven from that position by developing industrialism.

It is only necessary to add that the period since 1900 exhibits in some respects peculiar features. Foreign trade, after dropping slightly to 1901, at once began to move upwards again, and made fresh records successively in 1905, 1906 and 1907. Meanwhile employment declined steadily to 1904, improved only slightly to 1906 and is now once more severely depressed. The recovery of foreign trade immediately after the decline in 1901 is paralleled by the course of railway receipts and of activity in some of the leading industries, *e.g.*, pig-iron, cotton and coal. All these, however, are industries with a large export trade. There can be little doubt that the employment curve more truly represents the condition of the whole people, since it is supported by the most general indications of all—the marriage rate, the consumption of beer and pauperism. The rise of the foreign trade curve is not indeed to be dismissed as one of appearance only. It is far greater than can be accounted for by any change of prices. It probably does represent, all over the world, an increase either in the efficiency of production or in the amount of manufactures for export relatively to manufactures for home consumption.[1] On the other hand, the comparatively high unemployed percentage in 1906—a year of great commercial prosperity—is to a large extent due to exceptional circumstances in the building and allied trades which are unrepresented in the returns of exports.

The formal fact of corresponding fluctuations in nearly every branch of the material activities of the nation has thus been established. The life of the nation is not one of smooth unbroken development or of equably sustained activity. Rather is it, like life in any other form, a matter of perpetual ebb and flow, of growth through alternating periods of expansion and contraction, of diastole and systole. The causes of this remarkable phenomenon are still a subject of keen dispute. They are, indeed, so

[1] *Cf.* Table X. and Chart on p. 56.

much a subject of dispute that nothing more than the outline of a discussion of them can be attempted in the space here available. Fully treated, they would by themselves afford material for a bulky volume.

The first point to notice is that the successive periods of adversity described in the present chapter and pictured in the chart are periods of industrial depression rather than periods of financial crisis. The terms are defined by an American writer as follows :—

"The word *crisis* describes a brief period of acute disturbance in the business world, the prevailing features of which are the breakdown of credit and prices and the destruction of confidence. It has especially to do with the relations of debtor and creditor. The word *panic* describes a different phase of the same general condition—a situation which is essentially mental or psychological. . . . The adjective financial is properly used with each of these. . . .

"The term *depression* or *period of depression* describes a disturbance of a much longer duration, and which cannot be designated as financial. It pertains rather to industry and includes the whole field of production and exchange. It is properly described as *industrial and commercial*." [1]

The outward and visible signs of a crisis are a frantic demand for money and an abnormally high rate of discount. The essence of a crisis is a sudden contraction of the effective currency, due to promises to pay becoming no longer current. The fabric of modern commerce is built up on the use of credit as the principal medium of exchange, that is to say, on the habitual acceptance of promises and orders to pay in place of money down. Without the use of this medium the immense developments of national and international trade would have been impossible. With the advantage, however, comes an inevitable danger. The general acceptance of promises and orders to pay in lieu of actual money may at any moment be exchanged for an equally general refusal to accept them. This is what happens in a crisis. Every man as creditor, having lost confidence, demands not bills but money down, and as debtor consequently finds it very difficult to secure money down to liquidate his obligations. Often the difficulty culminates in some dramatic failure such as that of Overend, Gurney & Co. in 1866, drawing many lesser failures in its train.

The outward and visible signs of an industrial depression are a high unemployed percentage and falling wages and profits. The essence of it is the inability of manufacturers to find markets

[1] *Financial Crises and Periods of Industrial and Commercial Depression.* Theodore E. Burton (D. Appleton & Co., New York, 1902).

at what they regard as remunerative prices. There follows stoppage or diminution of production till stocks are cleared or shortage of supplies raises the price once more. Stoppage of production means less earning, less spending, less marrying, less drinking, and hard times for all. The financial aspect of industrial depression is a low rate of discount for money. Herein it presents a striking contrast to a crisis. Lord Goschen wrote of the crisis of 1866 under the title "Seven per cent.," and of the depression of 1868 under the title "Two per cent.". He noted also how through all the financial disasters of the earlier year "the mighty wave of our foreign trade rolled on little disturbed," [1] but how in the latter year almost every department of industry was at a standstill and cheap money found no hirer.

It is essential to distinguish crises from depressions. Failure to make this distinction is responsible for half the obscurity that surrounds the subject. It is, however, almost as important to recognise their frequent connection with one another. Crises occur, as a rule, at the height of periods of exceptional activity. More accurately, perhaps, they may be said to mark the close of such periods and to herald the coming of industrial stagnation. Such was the case in 1866 in this country, and in the American crises of 1873, 1893 and 1907. It is indeed quite possible for crises to occur, not just before, but in the middle of an industrial depression, as with the Glasgow Bank failure of 1878, or without any depression at all, as with the Baring failure of 1890, just as it is possible for a depression to come unheralded by any crisis, as did those of 1886 and 1904. The two things, in fact, are connected not always but only sometimes; not necessarily but only by probability. A time of rapid industrial expansion will probably be accompanied by rash speculation, and will probably be ended by a more or less sudden and simultaneous recognition of the fact that the principal markets have been glutted. In that case there will follow that "sudden application of a critical conservatism to business transactions" [2] and breakdown of credit which constitute a crisis. If, however, the amount of pure speculation has been relatively small or the failure to find markets comes less suddenly and at different times for different industries, the period of industrial expansion may pass into a period of industrial contraction gradually and without any formal crisis. Again,

[1] *Essays and Addresses on Economic Questions* (Arnold, 1905). Lord Goschen, no doubt, judging by foreign trade alone, exaggerated the prosperity of 1866. It was beyond question a more prosperous year than 1868, but it also quite unmistakably witnessed the beginning of the decline which brought the depression in that year.

[2] *Economic Crises*, p. 3. Edward D. Jones, Ph.D. (Macmillan Co., New York, 1900).

approaching the matter from the other side, it may be said that the delicate equilibrium of finance is likely to find one of its disturbing causes in industrial fluctuation. Disturbance, however, may come and critical conservatism be induced in place of credit through many other causes.

Here these other causes may be left out of account. From the point of view of unemployment, a financial crisis is of interest only as an incident in industrial fluctuation. A crisis as such lasts only a few days or weeks. It may come and go without affecting for more than a moment the progress of industry. It is, at its best, only a storm which clears the air, and it is, beyond question, a storm of a type which in this country at least shows decreasing violence. What then, in turn, is the cause of industrial fluctuation? No full answer to that question can be attempted here. Certain theories may be ruled out as untenable. Those that remain must simply be stated, compared and left to the judgment of later study and experience.

In the first place, all explanations may be ruled out which do not apply to all advanced industrial countries alike. There may, in particular, be eliminated, as responsible causes, "different economic or fiscal regulations established by custom or governmental policy". "Crises and depressions have occurred almost contemporaneously in different countries, under every prevalent system of banking; in monarchies and republics; in countries having free trade alike with those maintaining revenue or protective tariffs; in those having only metallic money and in those having metallic and paper money; in such as have irredeemable paper money and in those having paper money redeemable in coin; in such as have gold as the standard alike with those having silver; also in countries having gold and silver with a fixed ratio between them."[1] This statement is illustrated by the following table and chart showing the course of foreign trade per head in some of the principal industrial countries of the world.

It will be seen that all the countries show a broadly contemporaneous fluctuation. The actual range of fluctuation appears, as a rule, to be greatest in the United States. Thus between the last two maxima (about 1890 and 1900) the foreign trade of the United States sank 22 points (from 98 to 76), that of France 16, that of the United Kingdom 11, and that of Germany 10. According to one of the American authorities already cited, "crises are more severe and frequent in the United States than in any other country. They are felt with diminishing force in England,

[1] Burton, *op. cit.*, p. 66.

TABLE X.—FOREIGN TRADE OF PRINCIPAL COUNTRIES.

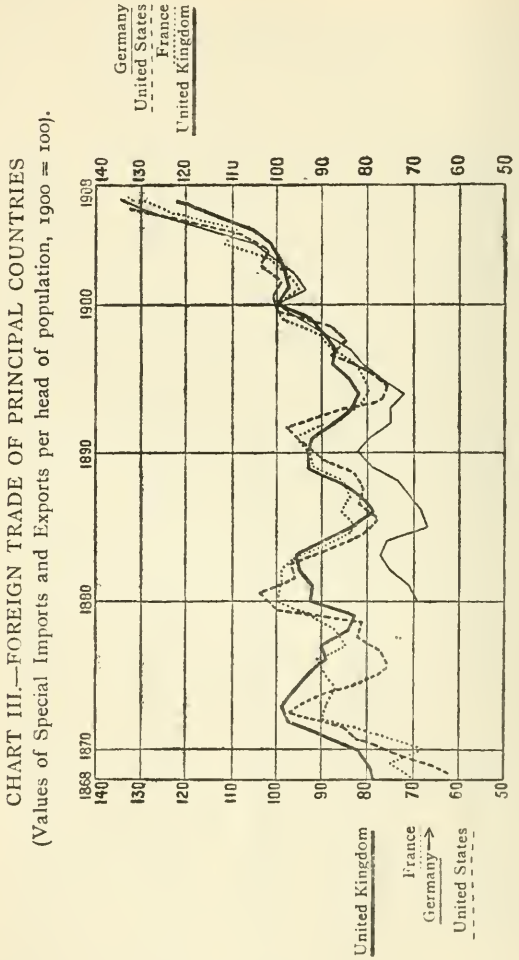
(Values of Special Imports and Exports Per Head of Population. 1900 = 100.)

Year.	United Kingdom.[1]	United States of America.[2]	Germany.	France.	Belgium.	Norway.
1860	—	—	—	—	—	—
1861	—	—	—	—	—	—
1862	—	—	—	—	—	—
1863	—	—	—	—	—	—
1864	—	—	—	—	—	—
1865	—	—	—	—	—	—
1866	82	—	—	—	—	—
1867	77	—	—	—	—	—
1868	79	58	—	70	51	—
1869	80	62	—	75	53	—
1870	82	72	—	68	52	—
1871	90	82	—	78	70	—
1872	98	85	—	**90**	74	—
1873	**99**	97	—	89	**81**	—
1874	96	92	—	87	75	—
1875	93	81	—	89	74	—
1876	89	76	—	91	78	73
1877	90	77	—	85	77	76
1878	84	82	—	87	78	58
1879	83	81	—	92	81	55
1880	93	100	69	**100**	87	63
1881	92	**104**	71	99	**87**	**70**
1882	95	96	75	99	83	69
1883	**96**	97	**77**	96	84	68
1884	89	88	76	88	79	66
1885	83	81	67	83	72	59
1886	79	78	68	86	70	57
1887	81	82	71	84	74	57
1888	86	81	73	85	76	66
1889	93	83	79	92	82	76
1890	**93**	90	**82**	93	85	79
1891	92	94	79	**96**	**89**	**82**
1892	87	**98**	75	88	78	74
1893	83	89	75	82	77	76
1894	82	77	72	80	76	75
1895	84	76	77	81	79	79
1896	88	80	81	83	83	85
1897	87	88	84	88	88	94
1898	89	85	89	91	96	94
1899	93	88	95	99	**103**	98
1900	**100**	100	**100**	**100**	100	**100**
1901	97	**101**	94	95	96	92
1902	98	99	96	98	100	96
1903	100	104	101	102	110	95
1904	101	102	105	112	115	94
1905	105	108	115	109	121	100
1906	114	120	127	123	—	—
1907	**123**	**132**	**135**	**131**	—	—
1908	—	—	—	—	—	—
1909	—	—	—	—	—	—

[1] The figures refer to *all* imports (*i.e.*, including re-exports) and special imports as in Table IX. Ships are excluded throughout.

[2] The figures are for years ended 30th June.

Germany, France, Holland and Switzerland."[1] Two subsidiary points of interest in the table are the designation of the last eight years as a period of record trade expansion for all countries concerned, and the exceptional development of Germany both in that period and before.



In the second place, explanations by reference to regular physical or astronomical phenomena, such as the sun-spot theory advanced by Professor W. S. Jevons, have also become untenable.

[1] Jones, *op. cit.*, p. 9.

The characteristic of industrial depressions is that, though their coming appears to be inevitable, the date of coming is within broad limits quite uncertain. During the past century the interval from one depression to the next has varied from seven to eleven years.[1] The period of sun-spot fluctuation has not varied.

After the exclusion of manifestly untenable explanations a good many different theories hold the field. They are of three main types.

In the first type of theory the prime cause of industrial fluctuation is found in fluctuation of the volume of metal currency, involving a corresponding rise and fall of prices. When, owing to increased production of gold, prices rise, manufacturers hope for profits and make as many goods as possible. When, owing to decreased production of gold, prices fall, manufacturers fear a loss and cease their activity. An explanation of this nature is not impossible. Its weak points are, first, that the precious metals form but an insignificant part of the actual means of exchange to-day; second, that evidence is yet lacking of any fluctuation in the supply of precious metals at all corresponding to the remarkable alternations of prosperity and adversity pictured in the present chapter.

In a second type of theory emphasis is laid on "misdirection of productive energy" as the cause of subsequent depression. The phrase covers a great many distinct explanations. Some writers imply by it merely over-production of particular commodities. Manufacturers in one or more important industries, it is said, over-estimate the demand and produce more than they can sell at a remunerative price. Sooner or later they have to cease producing and perhaps to clear stocks at a loss. The resulting unemployment in that particular industry diminishes the demand for other commodities and thus spreads distress and dislocation over a wide area. The weak point in this theory is that, spite of the last suggestion, it seems hardly adequate to explain a really general depression.

Other writers imply over-production not so much of a few particular things as of a whole class of things, *viz.*, those which are not immediately consumable as compared with those which are. "The remote cause of these commercial tides . . . seems to lie in the varying proportion which the capital devoted to permanent and remote investment bears to that which is but temporarily invested soon to reproduce itself."[2] "The important

[1] The present depression (1908) appears to be coming within four or five years of the last one (1904).

[2] W. S. Jevons, *Investigations in Currency and Finance*, pp. 27, 28.

feature in the occurrence of crises and periods of depression, is the increasing proportion of expenditures in preparation for increased production, manifesting itself in the formation and prosecution of new enterprises, and the building on a large scale of railroads, ships and factories. . . . At times these expenditures for increased production attains an unusual proportion as compared with the ordinary expenditures for annual consumption and support."[1] The suggestion appears in fact, to be, that at times there takes place over-investment for a distant return. The nation thereafter passes through a time of stress. It has over a period of years devoted so large a proportion of its energies to building railways that it has not sown enough corn or made enough boots. It has abundant means of transport but nothing to be transported.

This theory agrees with many of the facts to be explained. Mr. Burton, for instance, is able to connect each of the principal depressions of the past century in the United States with some exceptional development of the means of transit and production in the years just before. Yet even so the theory has its weak points, and seems to explain only some, not all, of the facts. Why should such exceptional developments occur and recur so inevitably every ten years or so? Is it the case in times of depression that, though there may be an excessive supply of one thing, *e.g.*, ships, there is insufficiency of others, *e.g.*, boots? Is it not the case that at such times all trades alike seem to be suffering from want of markets? The question leads to consideration of yet a third type of theory, in which emphasis is laid, not on misdirection, but on actual superfluity of productive energy. To this type belongs the theory of unemployment maintained by Mr. J. A. Hobson.[2]

The product of industry, it is said, is now so unequally divided that while one class—the workmen—have but the bare necessaries for existence, another class—the capitalists—have more than they can possibly spend. They therefore "save" without effort and as it were compulsorily; they can only save by investing in fresh factories and means of production. This, no doubt, gives employment while the factories are being built; in the end, however, productive power is established without reference to, and altogether out of proportion to, the demand. The new factories soon glut the market. Their operation is checked. Unemployment results. The root of the disease, in fact, is "over-saving," or, from another point of view, "under-consumption". The only radical remedy

[1] Burton, *op. cit.*, p. 308.

[2] *The Problem of the Unemployed.* J. A. Hobson (Methuen. New Edition, 1906).

is to raise the standard of spending so as to limit saving, and to reform the distribution of consuming power, by imposing fresh taxation on large incomes, by raising wages, by shortening the working day, and by other measures of like character.

The "under-consumption" theory thus outlined is of value as emphasising the general character of the stagnation apparent at times of depression. It is, however, open to two serious objections. The first objection is that it gives, as a cause of unemployment, that which is simply the cause of the industrial growth to which unemployment is incident. To this point fresh reference will be made below. The second objection is that the theory does not in fact explain the generality of the over-production and subsequent stagnation so much and with so good reason emphasised by its advocates. If an excessive amount of capital is seeking investment, it will no doubt glut some industries. Why should it glut all alike? The natural course would be for it to pour into one or two industries which have been particularly prosperous of late, and to leave others severely alone. Mr. Hobson's theory really explains little or nothing that cannot be explained as mere misdirection of productive energy.

To account for a tendency to over-production in all industries some element common to all industries must be indicated. In the theory next to be put forward, as being perhaps up to the present time the most tenable of all, this common element is found in the simple and well-nigh universal fact of industrial competition. The argument may be put briefly as follows:—

There is at times in the community a demand for more boots or ships or houses. The demand is felt and met not by one producer but by many, and not by many each providing a definite share in agreement with the rest, but by many each acting independently and dominated by the desire to do as much business as possible, *i.e.*, to engross as large a share as possible of the market. Inevitably therefore all the producers together tend to overshoot the demand and to glut the market for a time. This is a result not of wild speculation nor of miscalculation of the total demand; it must be a normal incident wherever competition has a place at all. Every one of ten bootmakers may accurately estimate the total demand for boots, say 10,000 pairs, at the lowest remunerative price. Each of the ten, however, desires to have the supplying of as large a share as possible of this demand—say of a fifth rather than of a tenth. The ten together will therefore set about producing twice as many boots as can be sold at a profit. This will involve great industrial activity and a vigorous demand for labour. Sooner or later,

however, the glutting of the market becomes apparent. Prices fall, production is checked, and a period of stagnation and unemployment ensues till accumulated stocks can be cleared, perhaps below cost price, perhaps by waiting till the demand grows up to the supply once more. Upon this in turn follows appreciation of a demand in excess of the supply and another burst of competition to glut the market once more.

A good deal can be said in support of this argument. It is no more than a generalisation from what is actually observed in such an industry as shipbuilding. It is in accord with the evidence showing that the most violently fluctuating trades are the instrumental ones—concerned with manufacturing the means of further production and distribution—in which, since they stand most removed from the ultimate consumer, over-production is likely to proceed furthest before it is checked by information that the market has already been glutted.[1] It deduces fluctuation from a fundamental feature of all industries in all countries, and therefore explains the universality of the phenomenon. It accounts both for the certainty with which either condition—prosperity or adversity—gives way to the opposite condition within a few years, and for the uncertainty as to the precise number of years required. It makes fluctuation inevitable. It allows of external events—wars, disputes, pestilences, earthquakes, inventions, droughts—accentuating or mitigating, hastening or postponing, lengthening or shortening the depression on each occasion. Its one weak point is that while it involves fluctuation in each trade at some time, it does not in itself involve the fluctuations of all trades being simultaneous.[2] This last fact—in so far as it is a fact—must be accounted for by the close connection existing between different industries either on the side of production or on that of demand.

Though, however, the theory just propounded does not in itself completely explain simultaneous over-production followed by stagnation in practically all industries, it makes such a result probable. At the same time it in no way offends economic doctrine as to the impossibility of general over-production. It is no doubt true in the abstract, since commodities are only produced to exchange, and since ultimately they exchange for one another, that there cannot as a permanent state of affairs be

[1] Cp. Table VIII. and *Distress from Want of Employment*, Third Report, p. 48. Competition, *i.e.*, the power to over-produce in any trade, *e.g.*, in boot-making, involves an actual over-production of boot-making machines.

[2] Mr. Hobson's theory seems to be quite consistent with many if not most trades escaping fluctuation altogether.

over-production of all the good things of life while any single want remains unsatisfied. Since, however, commodities exchange for one another not directly but only ultimately and through the medium of money or credit, it seems quite possible that as a quite temporary phenomenon there should be a glut in every market, because every one is holding out for too high money prices. If all would agree together to lower prices all might do good business, recovering through the cheapness of what they bought the loss involved in the cheapness of what they sold. Ultimately, indeed, something of this sort does take place, not by agreement but under pressure of economic forces. The fall of prices through a period of stagnation enables stocks to be cleared.

How, then, does this competition theory stand with regard to the "under-consumption" theory? Briefly, it involves the same analysis of facts as Mr. Hobson's *plus* the additional fact of competition but *minus* his practical inferences.

The competition theory, it will have been seen, shares with the under-consumption theory one central assumption. It assumes that the aggregate product of the nation's activities each year is normally such that, after meeting immediate needs according to existing standards, a substantial surplus remains for increasing the means of production for the future. It assumes, in other words, the possibility of material progress. The ample justification for this assumption is to be found in the recorded growth of capital and of industry. There can be no doubt that, with the present amount and distribution of the national dividend, an abundance of wealth is each year set free from urgent uses to increase the agencies of future production, and so makes it possible to set up these agencies in excess of present requirements. There can be no doubt again that in a competitive system of industry this excess in the means of production is commonly realised. In other words, such a system normally works with a reserve of capital as well as with a reserve of labour; the machinery in a trade is never or seldom all fully employed at the same time; a fraction of it would probably suffice to satisfy the whole existing demand. This is forcibly illustrated whenever complete combination amongst employers replaces competition. The normal accompaniment to the formation of a trust is the closing down of many of the factories acquired.

"Before the establishment of the combinations hardly any industry had been able to utilise its full capacity. For instance, even before the days of the Cotton Oil Trust, numerous presses and refineries had been for a long time inactive. The Trust closed

at once more than a dozen of the old-fashioned mills. The same thing happened with the Sugar Trust, which can supply the whole market with the product of one-fourth of the plant it owns. The Whisky Trust immediately closed sixty-eight of its eighty distilleries, and with the remaining twelve was enabled to furnish the same output as before and soon largely to increase it."[1]

Up to this point it is possible to be in fair agreement with Mr. Hobson. There is some reason for saying that cyclical fluctuation of trade depends directly upon the abundance of capital available for new enterprises and upon industrial competition; that it represents, in fact, the incessantly renewed attempt and partial failure to put into operation productive forces normally in excess of the existing demand. There is no justification for a practical inference from this that an attempt should be made to prevent cyclical fluctuation by destroying competition or drying up the springs of capital. "It may very well be . . . that a means of solving a difficulty may not be commendable because it creates greater difficulties than it adjusts."[2] This remark is made by an American writer in regard to one particular remedy—that of combination in trusts to regulate production. It has a much wider application. It may be applied with peculiar force to the line of treatment advocated by Mr. Hobson. This is essentially an attack upon saving, and the present large possibilities of saving,[3] based on the ground that under-consumption is the root-cause of trade fluctuation. In one sense this statement is undeniable. If the whole of the national dividend each year were devoted to immediate consumption and none to multiplying the means of production, if, in fact, there were no saving, there would be no possibility of industrial growth and therefore no possibility of the dislocations incidental to that growth.

In exactly the same sense credit may be said to be the root-cause of bankruptcies and birth of death. Mr. Hobson, no doubt, would reply that his attack is not upon saving but over-saving, and that he quite recognises the need of some provision for future production. His point is simply that this provision is now excessive because saving is too easy; his remedy is to make

[1] Von Halle, *Trusts*, p. 66.

[2] Jones, *op. cit.*, p. 52. The reference is to a suggestion in the report of Mr. Carroll D. Wright—the Special Commissioner on American Trade Depression in 1885-6—that "if the employers in any industry would combine under an organisation that should have positive coherence, there would be no difficulty, so far as that industry is concerned, in regulating the volume of production in accordance with the demand".

[3] This language, of course, is not intended to do Mr. Hobson the injustice of implying that he advocates individual thriftlessness.

saving harder. In just the same spirit, Mr. Bradlaugh and Mrs. Besant, thirty years ago, would have explained that they were attacking, not all increase of the population, but only excessive increase. They started a movement, however, which shows no sign of regarding this nice distinction and yearly brings the nation into increasing alarm lest it cease to grow at all. So Mr. Hobson, in making saving harder, can hold out no guarantee that he will not make it too hard and thus stop industrial progress altogether. If incomes were so far equalised that all saving meant sacrifice of a keenly desired present good for a future one, it is extremely likely that no sufficient provision for new capital would be made at all. There is, indeed, no possibility of determining *a priori* how the national dividend can best be allocated between immediate consumption and investment in the means of future production. In other words, there is no criterion for saying beforehand what is *over*-saving and what is not. The right adjustment, however, comes about naturally through economic forces.

It may be that with the present distribution of wealth many people save simply because they cannot spend, and are therefore constantly trying to invest in the means of fresh production more than can with the existing demand be profitably invested. What, however, happens when they begin to operate the new means of production? Even the very rich will not produce indefinitely without markets, and being driven to the choice between abandoning their investments or lowering prices to increase demand, will normally, as Mr. Hobson himself realises, take the latter course. This may mean going with less or no profits. It more often in fact means increasing the efficiency of production. In either case, however, the very change desired by Mr. Hobson is brought about. The real standard of consumption is raised by a lowering of money prices. The balance between the demand for commodities and the supply is reached. No doubt the adjustment takes time and may only be accomplished with a certain amount of friction and loss. The need for adjustment can, however, only be avoided by abolishing either the possibility of producing beyond existing demand, or the competitive stimulus to such production, that is to say, by abolishing either the possibility of, or the principal factor in, material progress.[1]

[1] Criticism of Mr. Hobson's policy in regard to unemployment by no means implies opposition to all the measures mentioned by him as agreeing with that policy. Higher wages and shorter hours for workmen are excellent things in themselves. Taxation of large incomes rather than small is, no doubt, also a good thing in so far as

Trade fluctuation is, indeed, at times obviously and directly the means by which the standard of production and of comfort is driven upwards. When trade is expanding many new factories are built; they have then their chance to overcome initial difficulties and to get a footing while competition is less severe. When trade contracts again it is not the new but the old and relatively obsolete factories that have to close. The next expansion starts from a higher level of efficiency. In this way fluctuation appears intimately bound up with the possibility of material progress. The recurrent failure to operate means of production ahead of the existing demand is only partial. Each wave leaves wages higher or prices lower and productivity greater than did the wave before.[1]

No one theory as to the cause of trade fluctuation can yet be taken as proved. All those mentioned must be treated at best as no more than hypotheses to be tested by the facts. It may well prove that no one of them will fit all the facts, just as it is certain that they are by no means mutually exclusive. Whatever, however, the explanation to be finally adopted, there seems now some reason in theory for regarding fluctuation as inevitable or at least as preventible only at the cost of greater harm. There is in any case ample warrant in experience for regarding it as certain for the time of practical politics—the next few decades. Whatever the cause or causes they must be deep-seated. They will continue to produce the same results as they have produced hitherto.

These results are not everywhere the same. The pressure in the labour market is not felt equally in all departments. In certain relatively stable occupations—railway and domestic service —as in agriculture it is hardly noticeable. In shipbuilding and engineering it is very great indeed. Between these extremes is found every variety of range in fluctuation.

Again, the pressure is met with very varying success in different trades. It may involve hardly any complete unemployment of individuals; in coal-mining, for instance, as the volume of employment shrinks, the required adjustment is reached by

money is needed for public purposes; it is perfectly arguable, indeed, that a certain amount of wealth which now goes to increase future productivity might be more advantageously used in meeting immediate necessities (*e.g.*, for education, for sanitation, etc., etc.). All this, however, is very different from Mr. Hobson's advocacy of taxation for its own sake.

[1] As a matter of history it may be noted that the index number for wages has after each boom since 1870 sunk only to a point well above that reached in the previous depression, except in 1886, when the nominal rate was about the same as in 1879. Owing, however, to a remarkable fall in prices the real wages were much higher.

reducing, for the whole body of men, the number of days worked per week. It may produce complete unemployment of individuals, but little acute distress; in many of the skilled and organised trades the men thrown out of work are, through payment of unemployed benefits, more or less supported by the general body of their fellows. In these two distinct ways—elasticity of working hours and union benefits—cyclical fluctuation is met on the same principle though not so completely as is seasonal fluctuation. The liability to loss of earnings is distributed over the whole trade so as not to crush individuals. Wages are averaged over good and bad times. In a very large part of the industrial field subject to the same liability neither method is available. Each involves a high degree of associated action. Each is in practice confined to a certain number of skilled and organised trades. Masses of semi-skilled and unskilled workmen are affected by the same fluctuations in the demand for labour as those which appear in the trade union returns. Yet they have in general neither the machinery nor the clear motive for insurance against its consequences. Their wages are low; they are not organised in trade unions. In forming the instinctive standard of life and expenditure which ultimately determines the wage for which they may be hired, they fail to take account of the fluctuations which are an inevitable incident of their industry. The measure of their failure is to be found in those periods of clamant distress which evoke Mansion House Relief Funds.

There remains, indeed, in the history of these funds one more index to add to those already given as to the course of trade fluctuation. During the past fifty years the coming of each industrial depression, as now shown retrospectively by the trade union returns, has been heralded or accompanied by the raising of relief funds for exceptional distress, by the appointment of committees of inquiry, by agitations and marches of the unemployed. Of this the table given on next page is significant.

Cyclical fluctuation means discontinuity in the growth of the demand for labour. The total supply of labour, that is to say, the population, grows, on the whole, steadily or at least with little variation from year to year. The demand for labour grows unsteadily. Thus it has happened that though, throughout the past fifty years, the average rate of its growth has been fully sufficient to absorb the growing population, the actual rate has been alternately greater and less than this. At times, therefore, labour has been scarce; wages have risen rapidly and employment become brisk. At other times labour has been in excess;

TABLE XI.—CYCLICAL FLUCTUATION AND RELIEF FUNDS.

Year.	Unemployed Percentage.	Special Relief Funds.			Other Measures.
		London.	Glasgow.	Elsewhere.	
1858	[11·9]		1857, £ — , 10,051 families assisted.		
1862	6·05		1862, £36,000, 18,797 persons assisted.		
1868	6·75	1867, Mansion House Fund, £15,000.			
1879	10·70		1878-79, £33,000.	1878-79, Manchester, £26,000; Liverpool, £4,100; Leeds, £5,700, and many other places.	
1886	9·55	1885-86, Mansion House Fund, £79,000.	1884-87, £28,000.		1886, Local Government Board Circular advocating Relief Works. Trafalgar Square riots. Royal Commission on Trade Depression.
1893-94	7·70	1891-94, Mansion House Fund, £2,500 (about).	1892-93, £3,100. 1894-95, £9,000.		1895, House of Commons Select Committee.
1904	6·80	1903-04, Mansion House Fund, £4,000. 1904-05, Mansion House Fund, £51,000 (Mr. Long's scheme).			1905, Unemployed Workmen Act.
		1905-06, Queen's Unemployed Fund, £154,000.			

wages have fallen or remained stationary, and unemployment has been rife. At these latter times the sphere of industry may be said to have lost its elasticity, yet always to recover it again in a few years. Till that recovery there results a pressure felt in every quarter of the industrial world.

The causes of this fluctuation are obscure, but, beyond question, deeply seated. They are at work in all industrial countries. They must spring from one or more of the fundamental facts of modern life. They probably cannot be eliminated without an entire reconstruction of the industrial order. They certainly will not be eliminated within the next few decades. Within the range of practical politics no cure for industrial fluctuation can be hoped for; the aim must be palliation. Measures of palliation, however, may be bad or good, hasty or well thought-out, retrospective or prospective. The actual measures to be taken depend upon consideration of the effect of trade depression upon individual men and in combination with other factors. The need for some measures is undoubted. Cyclical fluctuation of trade may have economic justification. Its course is strewn with individual disasters.

CHAPTER V.

THE RESERVE OF LABOUR.

1. The irreducible minimum of unemployment. Unemployed percentages of skilled men never down to zero. Chronic distress of unskilled men. The paradox of the labour market: general and normal excess of supply over demand. Constitution of irreducible minimum shown by distribution of unemployment in trade unions. Loss of time by many, not chronic idleness of a few. Men out of work on any one day only that day's sample of labour reserve. Confirmation by experience of Distress Committees. The typical applicant is not a chronically unemployed man but a casual labourer, is industrial not parasitic upon industry.
2. Economics of casual employment. Labour reserves swollen (*a*) by lack of mobility, (*b*) by chance engagement. Abstract analysis illustrated by London riverside labour. Work at the docks and wharves. Reform by London and India Docks Company. Organised fluidity. The bulk of employment still unorganised. The observed excess of labour. Average earnings of casual dockers.
3. The glutting of the labour market. Other ports than London. Other forms of casual employment. The building trades. Casual employment only acute form of general phenomenon. Dissipation of fluctuating demands causes over-recruiting of all trades. The sense in which methods of employment may be said to call excessive reserves of labour into being.
4. Under-employment. Irreducible minimum only a sample of irregular reserves of labour. Reserve of labour not necessarily so great or so irregular as to involve distress or under-employment. Tendency to glutting of labour market varies in strength and meets with varying obstacles in different occupations. Distinction between skilled and unskilled. "Under-employment" as a form of sweating. The beating down of average earnings to subsistence level. Charity and public relief as subsidies to casual employment. The problem one of business organisation—Law to provide properly maintained reserves of labour for fluctuations of demand.

THE trade union returns have yet one lesson to teach. The unemployed percentage, however it may fluctuate, never fluctuates down to zero. The lowest figure recorded in the table of general unemployed percentages for the last fifteen years is 2·2 for the months April and November of 1899.

In itself this result may appear susceptible of a simple explanation. The general unemployed percentage represents a considerable variety of separate trades, between which no transference of labour does or can take place. May it not be that these trades reach their busiest stages at different times, and that so, though every one of them may at some moment have no men out of work at all, yet there never comes a moment when all together are in that case, or a moment when one at least is not relatively depressed and able to yield an appreciable percentage

of the unemployed? The suggestion is reasonable, and explains some part of the irreducible minimum of unemployment. It does not explain the whole.

The irreducible minimum of unemployment does not appear only in the general percentage for all trades taken together, it is shown also by each trade or group of trades taken separately. During the past twelve years the lowest figures recorded for each of the principal industrial groups have been as follows:—

Building	0·8	May, 1897
Engineering	1·9	January-February, 1897
Shipbuilding	1·4	July, 1899
Printing	2·3	November, 1899
Furnishing	0·5	April, 1897

This result, moreover, holds true not only of each trade or group of trades but also of separate unions. It holds true not of decaying industries but of those on which the development of the nation's prosperity has been based. From 1881 to 1901 the persons returned as occupied in the census group corresponding to "engineering, shipbuilding and metal trades" increased in number from 978,000 to 1,475,000, or more than 50 per cent., while money wages in engineering rose as from 89·36 to 100·29. The numbers in the building trades rose from 926,000 to 1,336,000, or 44 per cent., and the money wages from 85·55 to 100·0. The numbers in woodworking and furnishing rose from 219,000 to 308,000, or 41 per cent., and those in the paper and printing trades from 196,000 to 334,000, or over 70 per cent. During all this growth in the numbers employed—a growth in each group at twice or more than twice the rate for the general population—there has never in any of the groups been a year without an appreciable number of skilled and organised workmen out of employment. For each group, indeed, taken as a whole, there appears to be much the same irreducible minimum below which the year's unemployed percentage never falls. Depression of trade is marked by very varying maxima. In the best years all the groups alike tend to have about 2 per cent. unemployed. An excess of the supply of labour over the demand appears to be a normal condition in the skilled and organised trades.

It is hardly necessary to argue at length that the same condition is found in the unskilled and unorganised occupations. The glut of labour in them is notorious. Has there ever, in the big towns at least, been a time when employers could not get practically at a moment's notice all the labourers they required? Is not this indeed the root of bewilderment and despair in regard to the unemployed problem that there appears to be always and

everywhere an inexhaustible excess in the supply of labour over the demand? It is difficult to get statistical evidence of excess on the industrial side. Yet if the Unemployed Workmen Act of 1905 has done little else, it has at least cleared up all doubt upon this point. It has shown that distress through want of employment is not a temporary but a chronic evil.

The generality of the problem makes it of course all the more puzzling. A chronic excess of labour in one occupation or one grade of industry might be explained in many ways. If, for instance, it were confined to unskilled work it might be attributed to deficiencies of industrial training. But the trade union returns as to unemployment in all the most skilled trades put this explanation and remedies founded on it out of court. If, on the other hand, the excess were confined to the organised trades, it might be attributed in one way or another to trade union action. It might be said that the unions having forced up wages above the natural level were now suffering from the increased flow of labour attracted to those occupations. But the experience of Distress Committees shows that the excess of the labour supply is probably greatest and certainly a more serious evil in the occupations which are unskilled and unorganised.

A general and normal excess of the supply of labour over the demand appears to be explicable only by an excessively rapid increase of population. But such an explanation leads only to still greater perplexities. It is repudiated by the leading modern economists. It appears to be quite inconsistent with the broadest facts of industry set forth in the first chapter—the increasing productivity of the nation and the rising remuneration of labour. It does not square with the special facts showing the irreducible minimum of unemployment precisely in those industries which have grown with exceptional rapidity in recent years. The condition of the labour market appears to present a standing contradiction of economic laws. Whatever the demand for labour, the supply tends always and everywhere, not to coincide with it, but to exceed it.

This is the central paradox of the unemployed problem. Why should it be the normal condition of the labour market to have more sellers than buyers, two men to every job and not at least as often two jobs to every man? The explanation of the paradox is really a very simple one—that there is no one labour market but only an infinite number of separate labour markets. To see this it is necessary first to examine a little more closely the nature of the irreducible minimum of unemployment. How is it constituted? Does it represent mainly the chronic idleness

of a few individuals, or does it represent mainly incessant loss of time now by some now by others of a much greater number of men, each of whom on the whole gets a fair amount of employment?

The returns ordinarily made to the Labour Department throw no light on these questions. They do not show the distribution of unemployment as between individuals. An unemployed percentage of two for a year in a union of 10,000 might conceivably mean that 200 particular men were out of work and the other 9,800 in work the whole time, or it might conceivably mean that every man in the 10,000 lost about one week in the year. To determine which it does mean recourse must be had to further sources of information. It is necessary to know not only how many men are out of work together on specified dates, but also how many fall out of work at some time or other during a specified period, say a year. The following table, covering the ten years 1894-1903, gives information of this nature for certain important unions:—

TABLE XII.—PERCENTAGE MEMBERSHIP OF CERTAIN UNIONS UNEMPLOYED AT SOME TIME IN A YEAR.

Union.	Mean of Ten Years.		Best Year.			Worst Year.		
	Unemployed Percentage.	Percentage of Individual Members claiming Benefit in a Year.	Year.	Unemployed Percentage.	Percentage of Individual Members claiming Benefit in the Year.	Year.	Unemployed Percentage.	Percentage of Individual Members claiming Benefit in the Year.
London Society of Compositors	4·3	20·9	1898	3·0	18·0	1894	5·7	26·3
London Bookbinders	5·2	38·6[1]	1902	3·3	28·3	1894	6·4	38·1
Amalgamated Millsawyers and Woodcutting Machinists	2·5	26·0	1897	1·5	21·8	1902	3·9	28·2
Associated Shipwrights	—	19·2[2]	1899	—	6·6[2]	1894	—	44·2[2]
Associated Blacksmiths of Scotland	4·6	27·4[3]	1900	1·6	22·5	1894	12·5	45·6

The table shows that while even in a bad time the majority of members retain practically continuous employment from year's end to year's end, yet even in a good time unemployment is

[1] Omitting 1899, for which the figures are uncertain.

[2] The percentages are based only on members entitled to benefit, not on the total membership.

[3] Omitting 1898 and 1901, for which the figures are uncertain.

widely distributed. Omitting the Associated Shipwrights and taking a rough average for the other four unions, it may be said that the percentage of those claiming benefit at some time or other is in a good year ten times, in a bad year five times, and in an average of years seven times the mean unemployed percentage throughout the year.

In two cases—the Amalgamated Society of Engineers and the London Society of Compositors—more detailed analysis is possible. The table [1] on next page shows the distribution of loss of time through want of employment in certain branches of the first-named union for each of the years 1887 to 1895.

The period covered by the table includes, it will be seen, two very good years, 1889 and 1890, in each of which the unemployed percentage for the branches taken was 2·1, and two very bad years, 1893 and 1894, in which the unemployed percentages were 10·2 and 8·9 respectively. The table shows that in bad years as in good years there is, even in a fluctuating industry such as engineering, a very large proportion of men—from 60 to 80 per cent.—who escape unemployment altogether. Irregularity in each year is concentrated on a minority. But, in good years as in bad years, this minority is always a fairly large one. Comparison of 1890 with 1893 yields indeed the rather striking result that almost as large a proportion of members (21·4 per cent.) became unemployed during one of the best years as during the worst (26·4 per cent.). To this point reference will be made later. For the present it is sufficient to show that the minority of irregular workmen is far too great to be dismissed as a residuum of inefficients. The principal factor in maintaining the irreducible minimum of unemployment is not the chronic idleness of a few but the incessant loss of time now by some, now by others of a comparatively large body of men, most of whom are more often in employment than out of it.

These statistics, drawn from a trade characterised rather by cyclical than by seasonal fluctuations, may conveniently be supplemented by others relating to a trade which is markedly seasonal. The following tables deal with unemployment in the London Society of Compositors. The first table shows the average percentages unemployed at the same time, and the percentages unemployed [2] at some time during each of the years

[1] *British and Foreign Trade*, Second Series, 1904, p. 101.

[2] The figures refer formally to those claiming unemployed benefit. This, however, includes all those who became unemployed, since each calendar year is treated as a separate unit, and a man may claim in it irrespective of the amount claimed by him in the year before.

TABLE XIII.—AMALGAMATED SOCIETY OF ENGINEERS (MANCHESTER AND LEEDS DISTRICTS)—DISTRIBUTION OF UNEMPLOYMENT.

	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	Mean for nine years.
Mean number of members in districts (excluding superannuated members) .	5,701	5,637	5,988	6,344	6,690	6,956	6,934	7,045	7,265	6,507
Average number unemployed at *same* time during the year . . .	460	362	128	134	307	520	706	627	383	403
Average percentage unemployed at *same* time during the year . .	8·1	6·4	2·1	2·1	4·6	7·5	10·2	8·9	5·3	6·1
Number unemployed for *some* time during the year[1]	2,251	1,832	1,079	1·356	2,593	2,770	1,832	1,939	1,708	1,929
Percentage unemployed for *some* time during the year	39·5	32·5	18·0	21·4	38·8	39·8	26·4	27·5	23·5	29·7
Percentage unemployed for :—										
Less than 3 days	60·5	67·5	82·0	78·6	61·2	60·2	73·6	72·5	76·5	70·3
3 days and less than 4 weeks . .	16·1	14·4	11·4	14·1	23·5	17·4	5·8	8·3	7·2	13·0
4 weeks and less than 8 weeks . .	7·2	5·5	3·0	3·5	6·2	6·8	2·4	2·6	5·0	4·6
8 weeks and less than 12 weeks .	4·6	3·1	1·1	1·6	2·9	4·5	2·1	1·8	3·0	2·8
12 weeks and over	11·6	9·5	2·5	2·2	6·2	11·1	16·1	14·8	8·3	9·3
Aggregate number of working days lost through unemployment . . .	140,749	110,488	39,029	40,825	93,481	159,791	215,874	191,484	116,777	123,166
Number of days lost per member . .	24·7	19·6	6·5	6·4	14·0	23·0	31·1	27·2	16·1	18·7
Number of days lost per member unemployed for some time during year .	62·0	60·3	36·2	30·1	36·1	57·7	117·8	98·8	68·4	63·1

[1] Excluding those who lost less than three days in the year.

1898-1903 and during 1894, a year of maximum unemployment. The second table gives a detailed analysis for 1904. It should be explained that as the weekly allowance is 14s., amounts up to £3

TABLE XIV.—DISTRIBUTION OF UNEMPLOYMENT—LONDON SOCIETY OF COMPOSITORS.

	1894.	1898.	1899.	1900.	1901.	1902.	1903.	Mean of 1894-1903.
Membership	10,011	11,079	11,415	11,287	13,355	11,244	11,270	10,927
Average percentage unemployed at the *same* time during year	5·7	3·0	4·0	4·8	4·9	5·1	4·5	4·3
Number unemployed for *some* time during year . . .	2,636	1,991	2,166	2,546	2,552	2,511	2,294	2,281
Percentage unemployed for *some* time during year . . .	26·3	18·0	19·0	22·6	22·5	22·3	20·4	20·9
Estimated days lost per member	17·8	9·4	12·5	15·0	15·3	15·9	14·0	13·4
Estimated days lost per member unemployed for *some* time .	67·6	52·2	65·7	66·3	68·0	71·3	68·6	64·1

TABLE XV.—DISTRIBUTION OF UNEMPLOYMENT—LONDON SOCIETY OF COMPOSITORS.

Provident Benefit Drawn During Year.	Claimants in 1904.	Estimated[1] Amount Drawn by each Group.		Of Claimants in 1904.		
				Number not claiming 1905.	Number claiming 1905.	Number claiming 1905 or 1906.
		£	%			
Less than £1 . . .	385	200	7·3	181	204	243
£1 and less than £3 . .	491	1,000		197	294	335
£3 and less than £6 . .	424	1,900	24·9	100	324	350
£6 and less than £9 . .	292	2,200		47	245	261
£9 and less than £12 . .	182	1,900	33·9	24	158	167
£12 and less than £15 . .	137	1,800		19	118	123
£15 and less than £18 . .	117	1,900		5	112	113
£18 and less than £21 . .	81	1,600	33·9	4	77	79
£21 and less than £24 . .	45	1,000		3	42	43
£24 and up to maximum of £26 12s.	114	3,000		17	97	98
	2,268	£16,500	100	597[2]	1,671	1,812

correspond roughly with less than four weeks' unemployment, those from £3 to £6 with four to eight and a half weeks, those

[1] The estimates are based on the assumption that each group may be represented by its average, *e.g.*, £3 and less than £6 by £4 10s., with a certain adjustment in the last group. The estimates are confirmed by the good correspondence of their total, £16,500, with the true total, £16,126.

[2] Including 19 men who ceased to be members between 1904 and 1905.

from £6 to £9 with eight and a half to thirteen weeks, and those over £18 with over eighteen weeks. The maximum number of weeks' benefit that can be drawn has varied from year to year, being thirty-eight in 1904 and 1905, thirty-six in 1906, thirty in 1907. These differences affect, of course, the comparison between successive years in respect of the total sums expended, though not in respect of the total number of claimants.

The tables show that unemployment in each year is confined to a minority which forms generally much the same proportion of the total membership, varying only between 18 and 26 per cent. Within this minority there is an inner ring of men who are unemployed for practically the whole of the year. It will be shown in a later chapter that these men are much the same individuals in each year, and deserve the description of the "chronically unemployed". They are probably inefficient and certainly superfluous. They are, however, too few to account for more than a fraction of the normal or even of the minimum numbers unemployed at any one time. In 1904, a bad, though not exceptionally bad, year, men unemployed for not more than four weeks out of the fifty-two represented more than a third of all the claimants to the society, and men unemployed from four to twelve weeks represented another third. On a rough estimate of the amounts drawn by various groups a third of the total loss of employment in 1904 was that of men idle for less than thirteen weeks in the year, a third that of men idle between thirteen and twenty-six weeks, and a third that of men idle more than twenty-six weeks. No doubt more accurate estimates would give a higher proportion to the last of these groups, since there should be added thereto the time lost by men who remain unemployed after they have exhausted their claim to benefits. A large proportion of the total loss of time would still remain attributable to men who are more often in work than out. This may be illustrated by an analysis of the men out of work in the last week of November, 1904, close on the busiest season of the year. In that week 370 men actually drew provident benefit, and another thirteen would clearly have drawn it had they not exhausted their claims. Of these 383 men (3·3 of the total membership) representing the irreducible margin of unemployment, 65 drew during the whole year over £26 (37 weeks), 91 between £18 and £26 (26 to 37 weeks), 131 between £9 and £18 (13 to 26 weeks), 30 between £6 and £9 (8½ to 13 weeks), 35 between £3 and £6 (4 to 8½ weeks), and 31 less than £3 (4 weeks). Even at the height of the season appreciable numbers

of men normally in good employment may find themselves exceptionally unemployed.

The permanent maintenance of a small group of the chronically unemployed is a curious feature of the London Society of Compositors. It only modifies slightly the co-incidence of the general results of the analysis here with those already reached in regard to the Amalgamated Society of Engineers. In each case the great majority of men even during the worst years retain constant employment. In each case a substantial minority —say one in five—even during the best years have to submit to loss of time and earning between successive jobs. In each case one part or other of this minority—say one in ten, or one in fifty of the whole body—is at every moment standing idle. The general formula for the supply of labour in an industry appears then to be this: for work requiring, if concentrated at one spot, at most ninety-eight men, there will actually be eighty in regular employment and twenty in irregular employment; there will be a hundred in all, so that at all times two at least are out of work. The twenty, however, are as much part of the industrial system as are the eighty; the reserve is as indispensable as the regulars. The idleness, now of some, now of others, of the reserve is mainly responsible for the irreducible minimum of unemployment. The figures here given have only an illustrative value; the proportions of regular and reserve and irreducible minimum vary from trade to trade. The principle is of the greatest generality. The rule for each trade is to have more men than are called for together even at the busiest moment, but for the excess to show itself in the loss of some time by a large minority rather in the chronic idleness of a few. There is leakage, occasional in regard to the individual, incessant as regards the whole body of men. The one or two per cent. to be found out of work on any one day are but that day's sample of the twenty or thirty or more per cent. subject to irregularity of employment.

The picture to be derived from the records of Distress Committees is really the same though with heightened colouring. There are, no doubt, among the applicants for relief under the Unemployed Workmen Act a few who strictly deserve the title of the chronically unemployed—a few who, without getting any work at all, and perhaps without being able or willing to do work if they should get it, contrive to subsist indefinitely upon charity or larceny or their wives and children's earnings. They may be compared to the chronically unemployed in the London Society of Compositors. They are not industrial but parasitic upon industry. They are persons of private means, whether their own or other

people's. The bulk of the applicants to Distress Committees are not of this class. They do get work sometimes; without it they would be driven to the workhouse. The essence of their position is not that they are unemployed but that they are irregularly employed. The applicants on any one day are but that day's sample of a much larger number of men constantly dropping into and out of employment. They get enough work just to keep them where they are, though it may not be enough to provide a reasonable subsistence. The typical applicant to Distress Committees is not unemployable, since it pays a business firm on occasion to employ him; and he is not individually superfluous, since he is occasionally called on. He is not parasitic upon industry but industrial. He is not a man chronically unemployed but a casual labourer. The understanding of his case involves examination, not of unemployment only, but of the conditions of employment as well. The next stage in the argument must be an analysis of the economics of casual employment illustrated practically by the leading case of London dock and wharf labour.

Economics of Casual Employment.

What will be the economic and social effects of a system of employment in which rapid and irregular fluctuations of work at a number of different centres are met by the engagement for short periods of irregular hands, who in part at least are taken on by chance as they present themselves? Casual employment implies these two elements—of short engagements and of want of selection. Each of these is best considered separately, and with the help of an abstract illustration.

Suppose that ten centres of casual employment—say ten similar wharves—each employ from 50 to 100 men on any one day, so that each considered separately requires a regular staff of 50 and a "reserve" of 50 more. In so far as the variations of work depend upon general causes, affecting all the wharves simultaneously and similarly, the busy and slack times respectively will tend to coincide and the variations in the total work to reproduce proportionately those of each separate wharf. In so far, however, as the variations at different wharves are unconnected, they will, in the total of men required at all the ten from day to day, tend to neutralise one another, because a busy time at some wharves will coincide with a slack time at others. Suppose that in fact the numbers employed at the whole ten from day to day range from a minimum of 700 to a maximum of 800. These daily numbers, whatever they are, will give the numbers of "regular" and "reserve" labourers who may theoretically find

work at the whole ten wharves taken together. They must be taken as unalterable, determined solely by the necessary irregularities of trade and tide. They would presumably be the actual numbers employed supposing all the ten were amalgamated into a single wharf having the same mass and flow of custom. But so long as the wharves remain distinct, the number of individuals who will practically be required to do the same work is affected also by quite a different set of considerations. It is clear that if each separate wharf forms an absolutely distinct labour market so that no man works at more than one, then, however the variations of business neutralise one another, the number of individuals required to do the work will be 100 for each wharf or 1,000 in all. It is clear, on the other hand, that if the whole ten form a single labour market within which labour is absolutely fluid, then the full number of individuals required will coincide with the maximum of 800 employed on any one day. The total number of men practically required to do the work without delay (and by consequence the number of reserve labourers) is, in fact, increased by every barrier to free movement from one wharf to another, and can be correspondingly decreased by everything tending to the organisation of the whole ten into a single labour market. The greatest barrier to free movement in any area is ignorance among the men as to the demand for labour in different directions; every means taken to remove this ignorance enables the work of any area to be done with a smaller reserve of labour. But the general distribution of the most accurate information as to the amount of work at each centre is only a first step. Even if every man knows exactly how many men will be wanted next day at each wharf, this will not of itself (*i.e.*, unless each knows also exactly how his fellows will act) prevent too many individuals from applying at one wharf and (perhaps) too few at another. If it is desired to do the work with the smallest possible reserve of labour, some means must be adopted for directing the right number of specified individuals to each wharf from some one centre or exchange.

This leads to a second point, the influence of chance in the competition for employment. It, too, is best introduced by another imaginary (and indeed absurd) case. Suppose that a wharfinger who required 100 men regularly every day were to take on that number afresh each morning, selecting them by chance (*i.e.*, by some process analogous to drawing names out of a hat) from among a crowd of applicants.[1] Suppose further that, the daily

[1] The "crowd of applicants," that is to say, the existence of vigorous competition, is assumed here. The correctness of the assumption and the responsibility so to speak for the excessive competition are discussed later.

wage being five shillings, the subsistence level with reference to the class of men applying for the work was represented by an average of fifteen shillings or three days' work a week. Now, since each of those who applied regularly for work would have an equal chance, each would tend to obtain over a long period the same amount of work. So long as this amount was above subsistence level—*i.e.*, gave an average of more than three days a week—any fresh-comer would tend to stay and become a regular competitor. If the average fell below three days a week, some of the regular competitors would tend to leave and try their luck elsewhere, thus restoring the required average for those who remained. The number of regular competitors among whom the work would be evenly distributed, would thus tend always to be just sufficient to give each an average of three days a week. That is to say; with the present hypothesis, the work of the wharf, requiring 100 men daily, would come to be done by 200 men applying every day, and obtaining work, on an average, every other day.

This foregoing imaginary case shows that the effect of allowing chance to influence the selection of men for employment is to increase quite unnecessarily the number of individuals among whom any definite total of work is distributed. No actual employer of course would act like our imaginary wharfinger, and pure chance nowhere enters into the formation of industrial relationships. But the relevance of this illustration to real life becomes clear the moment it is remembered that the decision of a competition by chance does not mean that the choice goes one way or the other without reason, for nothing happens without a reason, but simply that the choice is determined by causes external to the competitors, and not by their abiding personal characteristics. If the success of A. over B. to-day is the result of personal differences between them, we expect the same differences to tell in exactly the same way in a similar competition to-morrow—to make A. once more successful and B. once more disappointed. If, however, A.'s success to-day is the result of external causes, not inherent in the personalities of either, it is as likely as not that these causes will favour B. instead of A. to-morrow. A competition between two men based solely on personal characteristics will, however often repeated, result always in the success of the same man. A competition determined solely by facts external to the competitors, will distribute success in the long run equally over both. In the special case of a daily competition for employment, it will result in two men doing the work and drawing the wages of one. The illustration,

assuming as it does a perfectly steady amount of work, shows that chance selection of men for employment is an independent factor additional to all other factors in producing chronic under-employment.

The foregoing arguments may now be summarised. For the work of a group of casual employers a certain theoretically determinable number of men may be regarded as necessary; the number will be fixed by conditions of trade which must be taken for the present as unalterable. And, in so far as these trade conditions involve rapid and irregular variations of work within fairly definable limits, a part of this total number will have the character of an inevitable reserve of partially employed labour. But the actual number of men by whom the work is done, and its relation to the theoretically necessary number, will be affected also by another set of considerations, quite unconnected with the total volume of work or the unalterable conditions of trade. In the first place, every hindrance to the perfect fluidity of labour from centre to centre will swell the actual number of individuals doing the work by an amount representing the degree of friction. To return to the numerical instance, the work of ten wharves, which, if they had become for purposes of employment one wharf, might have been done by 800 men, would, with a certain degree of friction, require the services of 900. In that case there would, even when the wharves, as a whole, were busiest, be at least 100 men out of work. In the second place, every element of chance in the competition for employment, whether at one centre or over a district, tends to swell the actual number of individuals between whom any definite amount of work is distributed and to decrease the share of each, down to a limit fixed by the standard of subsistence. If each of the ten wharves in the numerical instance takes on its daily number of men largely by chance, each may find 100 or more applicants at its gates every morning, and the ten together may spread their total of work over 1,000 or more men, though not more than 800 are required to meet all possible local irregularities of work, and though the probable amount of work at each from day to day is well known. In that case, even when the wharves as a whole are busiest, there will be at least 200 men out of work.

One difference must be noted between the positions of those men who will in practice be added to the theoretical maximum for any area by friction between its separate centres and by chance in the competition for work respectively. The former, though the product of disorganisation, are a true reserve of labour without which, given that degree of disorganisation and friction,

the industry could not be carried on. The latter are in no sense a *necessary* reserve of labour. The employer who has been supposed to select 100 men daily by lot will in practice employ perhaps 200 different men, but the existence of so many individuals is irrelevant to him. So long as he has at least 100 applicants his work can proceed. The extra 100 are not a necessary reserve of labour. Still he does in effect employ them; however unintentionally, he by haphazard selection puts forward a demand for their services which, in relation to the sources of supply, is an effective demand. His system of employment brings this additional body of labour to his gates.

In the total reserve of labour for any occupation it is thus possible to distinguish three elements. There is first the body of men representing the fluctuations in the volume of work to be done at all centres of employment taken together. In the numerical instance given this consists of the 100 men making the difference between the 700 engaged on the day when the ten wharves collectively are slackest and the 800 engaged on the day when the ten wharves collectively are busiest. These men are required by the conditions of the trade as a whole. There is, second, the body of men required by the fact that, owing to distance, ignorance or custom, the supply of labour cannot move with perfect freedom and instantaneously from any one centre of employment to any other, and that therefore separate centres, to meet their fluctuations of work, must to some extent keep separate reserves. These men represent the friction of the labour market. In the numerical instance given they are the 100 men between the 800 required on the busiest day for the wharves collectively and the 900 required because the men just dismissed from one wharf which is slack are not necessarily or immediately available for work at any other which happens to be busy. There is, third, the body of men required neither by the fluctuations in the total volume of work nor by the fluctuations of separate business but liable to be attracted and retained by the perpetual chance of work. They are the 100 men between the 900 who would meet all the demands of the ten wharves, disorganised and separate as these demands are, and the 1,000 men each of whom in fact manages to get a share of the work by constant competition.

The economic bearings of casual employment have been analysed with the aid of imaginary cases. The conditions of London riverside labour may now be described by way of practical illustration.

Work at the London docks and wharves consists of the loading and unloading of ships and the handling of cargoes in lighters,

upon quays, and in warehouses. This work is spread over a large area and distributed between many different employers. The distance from London Bridge to the Albert Dock along the north bank is ten miles. That from London Bridge to the new entrance of the Surrey Commercial Docks along the south bank is three and a half miles. On each side there is a nearly continuous succession of wharves and docks between these points. Outside the ordinary London area altogether, yet forming an integral part of the port, is Tilbury Dock, twenty-six miles by water from London Bridge. The employers are of four main types—dock companies, shipowners, contractors and wharfingers. The dock companies are three in number, *viz.*, the London and India Docks Company on the north side, dealing with cargoes of all kinds; the Millwall Dock Company on the north side, dealing almost entirely with grain and timber; the Surrey Commercial Docks Company on the south side, dealing predominantly though not solely with grain and timber. These companies employ respectively about 20, 4 and 10 per cent. of the labour covered by the daily returns to the Labour Department. The number of shipowners employing men directly either for export or import is uncertain, but, omitting Tilbury, is not less than thirty and may be fifty. About 13 per cent. of the men covered by the statistics of the Labour Department are employed by shipowners. The number of contractors is also uncertain, as indeed the term itself is uncertain, and includes many grades of employers. The London Post Office Directory gives the names of twenty firms of Master Porters or Stevedores, who form the important element in this group. About 12 per cent. of the men covered by the statistics of the Labour Department are employed through those and other contractors. The wharfingers are the most numerous of all employers. The report of the Royal Commission on the Port of London gives a list of 165 wharves on the north side and 155 on the south side, making a total of 320. About 115 of these, employing 41 per cent. of the labourers included in the statistics, make returns to the Labour Department.

The cardinal features about dock and wharf industry from the point of view of each separate employer are, first, considerable irregularity in the arrival and departure of cargoes by ship or by barge; second, the small extent to which machinery has been able to displace more or less unskilled manual labour in the work of loading, unloading and otherwise dealing with goods in transit. The first fact causes great hourly, daily or weekly variations in the amount of work to be done at any one centre of riverside employment; the second causes all the effects of this varying demand to

be thrown upon the labourers, whom, beyond certain limits, it is uneconomical to employ regularly, and who are taken on and put off at short notice as they are wanted or not wanted. Every separate centre of riverside employment requires for its smooth working to have immediately available a larger number of men than it can employ regularly or even adequately.

The work of course is not all unskilled. On the ground of the special skill required Mr. Charles Booth in 1891 excluded from his statistics for the Labour Commission all the men engaged in actual stowage of export cargoes, as well as lightermen and coal porters, and he has been followed in this by the Labour Department. According to this distinction dock and wharf labour in the strict sense is the employment offered by the import trade in discharging goods into lighters or on to land, trucking along the quay, warehousing and handling in warehouses, and by the export trade in handling goods on the quay in preparation for loading. The distinction has some though decreasing validity; the men engaged in the actual stowage of goods—generally known as stevedores—not only as a rule receive a higher rate of pay but over a considerable portion of the port are marked off by a separate trade organisation. More fruitful, however, than any absolute distinction between skilled workman and labourer is the perception of dock and wharf work as including every possible gradation, from that which any man of average or even less than average physique can turn to at once, to that which requires years of special experience. The work of corn and timber porters, though counted in with the "dock and wharf labour" from which that of stevedores and coal porters is excluded, is in fact hardly less specialised. The men engaged in it may earn ten shillings or fifteen shillings in a day; men unfamiliar with it would be useless. To a lesser degree the advantage of previous experience is felt with all the main classes of cargo, and affects the method of employment. The large employers have mostly a nucleus of permanent men whose knowledge of the details of the business makes their services important, while at nearly all centres of employment there is a body of irregular men known individually and receiving a formal or informal preference. Such men naturally acquire in time a familiarity with particular classes of work or premises and become of special value to the employer. He would rather have them than any chance-comer, and perhaps recognises their position by placing them on a definite preference list or by the issue of preference tickets. More often no formal steps are taken, and the position even of the known man, depending upon the recollection or the favour of a particular foreman,

becomes correspondingly less secure. Outside the permanent men, the preference men and the men known in varying degrees to a particular foreman, there is a broad fringe of absolutely casual and undistinguished labourers, taken on as they come to meet exceptional demands. They are men who in their own phrase work here, there and everywhere; who can seldom, if ever, name any of their employers; and whose employers still more seldom know anything about them. The element of chance in the daily competition for employment increases with every step from the permanent to the utter casual. In practically no case are characters either given or required. In the lowest grade every man, whatever his past, however small his experience, has his chance of a day's employment like any other.

These are the general facts of London dock and wharf labour. They correspond in all essentials—multiplicity of independent demands for labour, friction and chance engagement—with the abstract analysis by which they were preceded.

(1) The demand for labour in the port is not single, but distributed between a multitude of different employers. The needs of each of these employers fluctuate greatly. To some extent these fluctuations are seasonal in character. In the port as a whole, for instance, the general level of the numbers employed is from 1,500 to 2,000 higher in winter than in summer. In some of the main sections into which it may be divided the proportional seasonal change is naturally much greater. To some extent again the fluctuations if not exactly seasonal are general. The aggregate number of men employed at the docks and wharves may without apparent rule rise or fall 1,500 (about 10 per cent. of the whole) between one day and the next, or vary by several thousands between two successive weeks. To a very large extent, however, the fluctuations of different businesses are independent. They do not all grow busy or all grow slack together; a large demand in one place is neutralised by a small demand in another. The sum of the separate maxima over any period exceeds very greatly the maximum of all taken together on any one day. In 1891, for instance, Mr. Charles Booth, grouping the employers at all the docks and wharves in ten principal groups,[1] showed that their maxima during the year added up to

[1] Labour Commission, *Group B, Evidence*, vol. iii., Qu. 24727 *seq.* and Appendix clv.; *cf.* also *Life and Labour: Industry*, iii., p. 409 *seq.* The ten main divisions are: London and St. Katherine's Docks, East and West India Docks, Victoria and Albert Docks, Town Warehouses (all these four under the then existing Joint Committee of the separate London and India Docks Companies), shipowners in the Victoria and Albert Docks, shipowners in London Docks, North Side Wharves, Millwall Dock, Surrey Commercial Docks and South Side Wharves.

21,353—that is to say, on the supposition that each group was a separate and single labour market, the number of individuals required for the work would have been at least 21,353. But so far were the busy times for the different groups from coinciding that the maximum number employed on any one day in them all taken together was under 17,994; that is to say, if the port of London had been a completely unified market for waterside labour, with perfect fluidity between its different parts, 17,994 individuals would have sufficed for exactly the same work. Even these figures, however, have only an illustrative value. None of Mr. Booth's groups was in fact rigidly cut off from all the others. On the other hand, each of them included many distinct centres of employment. The sum of the separate maxima for each of these centres in a group would probably have been found to exceed the aggregate maximum for the whole group on any one day at least as much, proportionately, as the sum for the separate groups exceeded the maximum for the whole port. Unquestionably the case of the ten wharves is realised in practice. Fluctuations at different centres of employment are sufficiently disconnected to make the question of the mobility of labour between them a matter of prime importance. The actual number of men between whom the work is distributed will approximate to the arithmetical aggregate of those required on the busiest day, or will exceed it, in proportion as the movement of labour is or is not rapid and organised.

(2) There is, with one notable exception, no attempt to make the movement of labour rapid or organised. There is practically no co-operation by different employers in regard to the engaging of men. Each employer engages them as and where he can get them. Each requires and requiring tends to collect a separate small reserve of labour in his immediate neighbourhood. For the most part this is done quite unconsciously. Men naturally return to the place where they have once been successful in getting a job; they wait about where they hope they may be known in preference to trying chances far afield. To some extent, however, there can be no doubt that more or less deliberate measures have to be adopted to keep the reserve together. Work which might be done always by the same men is given out in rotation so as to have men always in close attendance for emergencies. Thus at certain London wharves it was found that the permanent staff averaged only 70 per cent. of the minimum numbers employed on the very slackest days. The remaining 30 per cent. of constant work, together with the casual work, was distributed over a large reserve

of irregular hands.[1] It is, moreover, not at all unknown for employers and foremen to resent those whom they employ by preference though not regularly seeking work with a rival in off times.[2] Here another motive enters to reinforce the main motive and to break up the supply of labour into a multitude of small separate reserves. As a consequence, all these reserves together add up into a total far in excess of the maximum number required at the riverside on the busiest days. Some proportion of these reserves is always standing idle.

(3) Though no individual employer engages men by lot, though even without formal preference lists the foreman at each wharf gets to know and to choose again and again the same regular applicants for work, the element of chance in the labour market as a whole is a very real one. The individual has, first, to forecast the probable demand for men at different centres with, in many cases, so little means of knowledge that success becomes a matter of luck rather than of skill. Second, the number and quality of his competitors at any centre he may choose is determined partly by similar vague forecasts on the part of his regular fellows, partly by the infinitely various accidents which may send a discharged prisoner, a sturdy tramp, a time-expired soldier or an unemployed member of any other trade to try the luck of the docks. With these he must then compete for the favour of a foreman's roving eye in an undistinguished crowd, where the decision will go largely by chance, since the multitude of different centres prevents more than a small percentage of men getting known and practically preferred at one place. Given indeed a number of distinct centres of irregular work, unless the engagement of men is deliberately *and co-operatively* organised, the following dilemma is reached—either men will tend to stick to one centre or they will move freely from one to the other. With the former alternative, chance will be diminished (because each man will become well known at his centre), but friction will be at a maximum. Each centre forming a separate labour market, local fluctuations in work will be unable to neutralise one another, and the separate reserves for labour at each centre will add up to a total enormously exceeding the aggregate maximum for the whole industry. With the second alternative, friction will be diminished, but chance at a maximum. The mobility of the labour supply will diminish the numbers

[1] *Unskilled Labour.* Report of a Special Committee of the Charity Organisation Society, 1908, p. 34. At the Millwall Docks in 1905 the permanent staff was less than 50 per cent. of the minimum number employed on the slackest day of the year. *Cf. Dock Labour and Poor Law Relief*, 1908. Cd. 4391.

[2] *West Ham*, E. G. Howarth and Mona Wilson (1907, J. M. Dent), p. 402. This Report and that cited just above on Unskilled Labour are among the most valuable recent contributions to the subject of unemployment and deserve full study.

of individuals required to meet the fluctuating demands of the many different employers, but it will also exclude the formation of local and personal connections and preferences, and will allow chance to scatter jobs over a needless multitude of casuals. This dilemma is no imaginary one. It is illustrated by the experienced inadequacy of the plan of "preference lists" which formed the first part of the staff reorganisation at the London and India Docks. Mere mobility of labour is not enough. It must be organised movement and backed up by organised selection. Separate preference lists at each centre of employment are not enough; the lists must be amalgamated. The account of the notable labour reform carried out during the last seventeen years by the largest of the London dock companies provides the best comment upon these conclusions.[1]

Up to the time of the great strike of 1889 the bulk of the work at the docks on the north of the river was performed by purely casual labourers taken on by the dock companies' foremen from a struggling crowd at the entry to each department.[2] It was estimated that for work sufficient, if evenly distributed throughout the year, to give 3s. a day to 3,000 men, at least 10,000 competed *regularly*.[3] The quality of these men was no less notorious than their quantity. The knowledge that any man, whatever his experience, however bad his antecedents, might get a job at the docks, attracted to their neighbourhood a perpetual stream of blackguards, weaklings and failures from every other occupation. The experience, soon made, that regular attendance was not necessary to secure selection on days when work hap-

[1] The earlier stages of this reform are described in the evidence of Mr. W. E. Hubbard, Chairman of the London and India Docks Joint Committee, before the Labour Commission (*Group B, Evidence*, vol. i., Qu. 4581 *seq.*). For the later stages, see the *C.O.S. Report on Unskilled Labour*, p. 64, and Evidence of Messrs. H. H. Watts and S. Ward, and Howarth and Wilson, *op. cit.*, pp. 190 *seq.*

[2] The following description by a foreman in the dock companies' service is worth quoting: "The position of a 'taking-on foreman' (before the preference system) was an extremely dangerous occupation, and while he was thus employed it was advisable to look after his money and valuables, also look to himself; in fact it was necessary to know a little of the art of self-defence. There was a place in London Docks which was called the cage, where men were taken on after the first call. When I went there for the first time I was astounded. Firstly, the constable unbarred the door, then a gigantic roar went up from hundreds of throats calling my name. A long platform about a foot from the ground was erected, upon which I stood to give out the tickets. A great mass of faces and hands through iron bars appeared before me, fighting and struggling, so much so, that it was difficult to detect which face the hand belonged to. Some would be struggling to secure as many tickets as possible, so that they might be able to sell them to other men who had not been fortunate enough to get one" (*Unskilled Labour*, p. 183). Fighting for work is by no means unknown at the riverside even to-day; *cf.* Howarth and Wilson, *op. cit.*, pp. 200, 201.

[3] Miss Potter (Mrs. Sidney Webb) in Charles Booth's *Life and Labour of the People: Industry*, vol. iv., p. 25.

pened to be plentiful, and the daily alternations of hard exercise and idleness, rapidly developed in those who came, if they had it not before, the greatest irregularity of habits, and physical or moral incapacity for continuous exertion. The low physique and half-starved condition of many of the labourers made their work dear at 4d. an hour. The London dock casual was popularly regarded as "the scum of the earth"; the system of dock employment was aptly described as, in effect, "a gigantic system of out-door relief".[1] All could get occasional shillings, few a decent living.

The attention directed to these evils by the strike, and the investigations of authorities such as Mr. Charles Booth, led to the initiation in 1891 of a reasoned policy of reform by "de-casualisation". This reform had two sides. The first was the formation of "preference" lists. Men were ranked as "permanent," "A," "B," "C" and "casual". The "permanent" and "A" men, on weekly wages, formed the practically regular (much increased) staff; men in the other classes were engaged and paid daily and had no certainty of employment on any day, but the "B" men had a preferential right to be employed next after the regular staff and before any "C" men were taken on, while the "C" men had a similar preference over the casuals. Within the "B" and "C" classes there was a similar grading of men according to their place on the lists. This system was directed to the exclusion of that element of chance in the selection of men which, as was recognised, must distribute the work over an unnecessarily large number. It was intended to put a premium upon regular attendance for work and good behaviour, since men were to be moved up and down the lists according to their merits; to enable the decent man, protected by his "preference," to obtain a living; and to discourage the casual application of loafers and the incursion of fresh competitors. This reform undoubtedly did something, but not quite as much as was expected. Each department had a complete set of separate preference lists, but could not offer at all times a sufficient chance of work to secure the regular application of even all its "B" men. Owing to the great local variations of work a man might hope sometimes to do better as a casual at one place than as a "B" man at his proper department. He would accordingly compete as a casual elsewhere; the list system was in danger of being nullified. It was seen that the dock departments were too small to stand apart and to maintain each its own reserve of labour. A second line of reform

[1] Miss Potter, *loc. cit.*

was adopted, aimed at making the whole of these northern docks into a single labour market, within which the required supplies of men should be directed from a central office to the different work places. This organisation, developed gradually during the past ten years, has now proceeded so far that 80 per cent. of the work done by the London and India Docks Company is performed by weekly labourers, and 20 per cent. by preference men and casuals. The preference lists are now of quite minor significance; the "C" list has disappeared altogether, and even "B" tickets are not much regarded. The permanent and "A" classes engross nearly the whole field of employment, forming a mobile body of labour constantly employed, though sometimes in one place, sometimes in another.

The table just below[1] shows the course of the reorganisation since 1894. It began, however, considerably before then. According to figures given by Miss Potter (Mrs. Webb), the proportion of work at the London and St. Katherine's and East and West India Docks performed by permanent labourers was in 1887 only 16 per cent. In 1891-92 the work performed by the weekly staff under the London and India Joint Committee was 45 per cent. of the whole. For the years 1894-1901 it averaged, as shown in the table, 64 per cent. For the years 1902-4 it averaged 78 per cent.

TABLE XVI.—LONDON AND INDIA DOCKS—PERCENTAGE OF WORK PERFORMED BY EACH CLASS OF LABOUR.

Year.	Permanent.	A.	Total Weekly.	B.	Casual.	Total Extra.	Average Number Employed each Day.
1894	30·7	34·9	65·6	28·8	5·6	34·4	5,079
1895	28·4	31·8	60·2	30·9	8·9	39·8	5,330
1896	30·2	33·0	63·2	29·4	7·4	36·8	5,017
1897	29·4	32·4	61·8	28·0	10·2	38·2	4,947
1898	32·7	35·4	68·1	25·7	6·2	31·9	4,232
1899	32·1	35·3	67·4	26·0	6·6	32·6	4,127
1900	28·8	33·9	62·7	25·8	11·5	37·3	4,483
1901	28·0	35·4	63·4	28·4	8·2	36·6	4,579
1902	34·4	40·6	75·0	22·2	2·8	25·0	3,839
1903	39·8	42·4	82·2	16·3	1·5	17·8	3,290
1904	41·2	37·2	78·4	19·7	1·9	21·6	3,054

[1] *Unskilled Labour.* Statement of Mr. H. H. Watts, p. 114 *seq.* and p. 64.

LABOUR STAFF, 1ST JANUARY, 1905 (EXCLUSIVE OF LABOURING BOYS AND GIRLS).

1305 Permanent Labourers. *Guaranteed Wages:* 24s. per week of six days of eight working hours between 6 A.M. and 6 P.M. Overtime pay at current rates. *Leave:* Three days annually in addition to general holidays. *Pension:* After at least fifteen years' service. Actual average weekly earnings, 31s. 3d.

1176 List A—Registered Labourers. *Guaranteed Wages:* 24s. per week of forty-eight working hours in summer and 21s. per week of forty-two working hours in winter. Overtime at current rates. *Leave:* Three days annually after twelve months' service on the list. Actual average weekly earnings, 29s. 10d.

2077 List B—Preference Labourers. *Guaranteed Wages:* 6d. per working hour between 6 A.M. and 6 P.M., and 8d. per hour between 6 P.M. and 6 A.M. No man discharged with less than 2s. pay, except in regard to special short engagements in the afternoon.

Casual men, as required, are employed when there is pressure of work, and at the same wages as those on List B.

The reorganisation has, beyond question, had the effect of improving the type of men employed. "The dock labourer who is employed by the company is, as a rule, industrious, steady and honest. The system which obtains has the effect of shaking down to the tail-end of the lowest list the men who cannot be so characterised; they only get work in emergencies, and the tendency is for them to drop off altogether. Men do not attend at the India and London and St. Katherine Docks on the off-chance of work as numerously as heretofore, and those who do attend appear, on the whole, to be of a better character and class than formerly." The improved efficiency of the men is given as at least one cause of the decrease in the actual numbers employed.[1]

It was, of course, fully recognised by the authors of this reform that the effect would be to concentrate employment upon one section of the men hitherto employed, at the expense of others who would be thrown out of work altogether. Part of the former reserve of labour became regularly employed, or nearly so; another part became no longer a reserve but an absolute surplus. This latter fact did not, of course, affect the social advantage of the change; one man fully employed and fed is preferable in the state to two men on perpetual half rations. It did, however, suggest the desirability of taking steps to drain off the surplus caused by transition from casual to regularised employment, and the Mansion House Fund of 1892 was directed or diverted to this object. Temporary work was offered at Abbey Mills to unemployed dock labourers with a view to testing their capacity and leading to permanent improvement in their position by emigration, migration, transference to new industries or otherwise. The

[1] *Unskilled Labour.* Statement and Evidence of Mr. H. H. Watts. Qu. 442.

proved success of this attempt, which is described in full in the Board of Trade Report of 1893,[1] appears to have been small. It is interesting, however, as one of that extremely rare type of relief schemes which have consciously attacked a clearly conceived problem.

The reorganisation of their labour by the London and India Docks Company is a reform of historic importance in the treatment of the unemployed problem. Yet to this day there is altogether insufficient appreciation either of the nature of the reform or of its limits. On the one hand, more people have heard of the preference lists than of the unification of the docks as a labour market; the relative importance of the two changes is misappreciated even where the latter is not altogether ignored. On the other hand, it is seldom realised how small a proportion of the total field of dock and wharf labour is really covered by the reform. There is a common impression that waterside employment in London has been "organised," or at least made as constant as is humanly possible in a business state; and that any further reform must take the line of paying regular wages to men who will be idle half their time. As a matter of fact, the London and India Docks Company unload less than a tenth of the total tonnage entering the port; including all the men occupied at the up-town warehouses and in preparation for loading, they employ about a fifth of the total daily average of dock and wharf labourers. Their share in the work, indeed, has fallen considerably since the dock strike, by the transference to shipowners and contractors of some of its most fluctuating portions.[2] To this extent the apparent effects of their reform must be discounted. Outside the work of the dock company preference lists have been tried here and there. The separation of the interests of wharfingers, shipowners and contractors has prevented any movement upon the other and more effective line of reform—the organisation and unification of the labour market.

[1] *Agencies and Methods for Dealing with the Unemployed*, 1893. Cd. 7182, pp. 238-63.

[2] In 1891 the London and India Docks Joint Committee employed at all their docks (including Tilbury) a maximum on any one day of 8,720 men, a minimum of 4,120, and an average of about 6,000. The regular (permanent and A) men at that date numbered 2,750, *i.e.*, about two-thirds of the minimum number employed on the slackest day, and less than half of the average number. For 1904 the corresponding figures were: maximum, 4,322; minimum, 2,348; average, 3,054; regular (permanent and A) men, 2,481. In other words, the regular men were fully up to the minimum number required on the slackest day (there is always some leakage through illness and the like), and were four-fifths of the average number required daily throughout the year. These figures show both the progress that has been made and the way in which it has been made, *viz.*: by keeping the regular staff nearly up to the original strength while the volume of work declined.

The problem of London waterside labour remains in essence what it was twenty years ago. This does not mean that there has been no improvement at all. There has been improvement in several ways. First, the higher hourly rate of pay for even the least skilled work, secured by the great strike of 1889, has drawn a slightly higher class of men, and the memory of a historic movement perhaps still lends some measure of self-respect to the once despised calling of dock labourer. Second, for special types of work there has been a selection of abler types of workmen; it has been found in an increasing number of cases that the best paid labour is the cheapest labour.[1] Third, the reorganisation of the labour staff of the London and India Docks Company has improved conditions just where they were formerly at their worst. Yet all these improvements have been either indirect or very limited in scope. The dock company employ only a fifth of the labour of the port; even in that fifth are included a great many irregular hands. In waterside labour as a whole the methods of the past continue; the same economic forces are at work and produce the same consequences. "The central evil," says the *Report of the Charity Organisation Society on Unskilled Labour*, published this year, "is the maintenance of a floating reserve of labour far larger than is required to meet the maximum demands of employers. This is brought about by the independent action of the separate employing agencies each seeking to retain a following of labour as nearly as possible equal to its own maximum demand."

It is not indeed possible to give trustworthy statistical estimates as to the extent of this floating reserve. There is no full record of the number of those who compete regularly for waterside work in London; there is no record at all of those who compete only from time to time; there is no means at present of estimating the proportions of casual to regular workmen. Mr. Booth in 1892 gave it as a rough estimate that the number of men actually needed in the port under the system of casual employment was 20,000, and that the number competing regularly for work was 22,000. At the same time the full number employed on the busiest day of the year was 18,000, the average throughout the year was 15,000, and the number on the slackest day was 10,000. In other words, the system of casual employment necessitated the presence of 2,000 and left room for 4,000 regular competitors over and above the number who could find work on the busiest day. On the slackest day 12,000, and on an average throughout the year 7,000, men would be standing idle.

[1] *Unskilled Labour*, p. 34, and Evidence of Mr. Scrutton.

In addition to these, of course, there would be all those who took to the docks as an occasional or last resource.

The census, unfortunately, gives very little help in this matter. The number of those returning themselves as dock and wharf labourers in London and West Ham together was 25,291 in 1901. For the same year the maximum number employed on any one day in the port, exclusive of Tilbury, according to the Board of Trade returns, was 18,643, and the average number 16,454. For 1904 the maximum number was 15,616, and the average 12,988. Close comparison between these figures is, however, impossible. On the one hand, the Board of Trade figures cover only a part of the labour of the port. Some employers do not make returns; some types of workmen, *e.g.*, stevedores, are excluded. On the other hand, only those who followed up riverside work pretty regularly would be likely to describe themselves as dock or wharf labourers. Many men appearing in the census under other headings—particularly those of general labourer and builder's labourer—would be occasional competitors at the docks. How many, it is, unfortunately, impossible to say. The experience of Distress Committees, however, makes it clear that very large numbers of those who call themselves labourers or builders' labourers find part of their living at the waterside.

The intensity of the distress involved is, unfortunately, as little capable of general statistical record as is its extent. There are no data to show the average earnings of a casual dock labourer. Such an average, indeed, would be at best but an arithmetical abstraction. In riverside employment above all things there is every gradation from getting fair continuity of work to getting hardly any work at all; no average would fairly represent the class. In the absence of comprehensive figures all that can be done is to cite from Mr. Howarth and Miss Wilson's report on West Ham[1] one or two individual cases as to which the facts seem pretty certain. The first is the case of a glass-bottle maker, who, failing to get regular employment at his own trade, worked sometimes as a docker proper, sometimes at ship repairing or in the yard of a dock engineering works. He kept a weekly record of all his takings from every source—including odd jobs at his original trade and canvassing—for nearly three years, till he recovered regular employment. In the report this record is set out in full; here it seems sufficient to give to the nearest half-crown the average weekly earnings for successive months.

[1] *Cf.* pp. 198-240 s.

TABLE XVII.—AVERAGE WEEKLY EARNINGS OF CASUAL DOCKER.

	1904.	1905.	1906.
	S. D.	S. D.	S. D.
January . . .	—	22 6	12 6
February . . .	—	12 6	10 0
March. . . .	—	22 6	17 6
April	10 0	22 6	17 6
May	15 0	42 6	5 0
June	7 6	12 6	22 6
July	17 6	12 6	22 6
August . . .	12 6	22 6	17 6
September . .	10 0	17 6	12 6
October . . .	12 6	20 0	15 0
November . . .	12 6	7 6	17 6
December . . .	17 6	12 6	—

During seventeen of the thirty-two months covered by the return, the average weekly earnings were fifteen shillings or less; during twenty-five months they were twenty shillings or less. As much as sixty-seven and ninepence was earned in one particular week (May 20-27, 1905), and in twenty-two other weeks out of 138 the earnings were over thirty shillings, but seventeen weeks were absolutely blank, and twenty-eight more produced less than ten shillings each.

Two other cases are those of "Royals," that is to say, of men on the preference lists of some particular employer, whether shipowner or contractor. Such men have the best chance of work at the docks, and are "considered to be in quite a superior position to the ordinary casual docker". One of these two men, a contractor's "Royal," in seventeen out of the thirty months for which the returns are given, averaged seventeen shillings and sixpence or less per week. The other, a shipowner's "Royal," in forty-five out of the forty-eight months covered by his returns averaged twenty shillings a week or less; in thirty-three, averaged fifteen shillings or less; in eighteen, averaged ten shillings or less.

The figures in these cases are of peculiar value for several reasons. They are founded not on vague estimates but on regular weekly records, and can therefore be relied on with some assurance. They represent the experiences of men all of whom, from the mere fact of their keeping such records, may fairly be presumed to be rather picked men in respect of character among the docker class, and two of whom had their superiority recognised by inclusion in preference lists. Finally, as the most important point of all, the inclusion of these two men in preference lists marks them formally as men having definite places in industry, places

which on their departure would remain to be filled by others as surely as if they had been in the civil or municipal service. This is a point to which reference will be made later.

The difficulty of securing statistical estimates in no way obscures the main features of the position. The system of casual engagement to meet fluctuations of dock and wharf business requires the maintenance of reserves of labour at all the points at which men are engaged. A considerable part of these reserves is so irregularly employed as to be in chronic poverty. On every day some part of them is standing idle.

The Glutting of the Labour Market.

The work of the London docks and wharves affords perhaps the leading instance, but still only one instance, of casual employment. Casual employment itself is only the most acute form of a general economic phenomenon. These are the two points that form the subjects of the present section.

London is only one port amongst many. Its labour conditions have always attracted peculiar attention. Yet they are clearly to be paralleled, in kind if not in degree, by the conditions of waterside labour at every other port in the country.[1] Each port, no doubt, has its peculiar customs, its characteristic forms of cargo or types of employers, and its own methods of remuneration. In none is the number of separate centres of employment so great or the area covered by them so wide as in London. In few has trade union organisation had so transient a success. Yet in all these ports the problem is at bottom unmistakably the same. In all of them the incalculable irregularities of trade, weather and tide are provided for by the maintenance of reserves of casual labour. Everywhere the dockers' district is an area of chronic distress able to yield on every day in the year a mass of the unemployed. The *Report on Unskilled Labour* gives a brief account of conditions in Glasgow and Southampton. In Hull the Distress Committee report that a great number of the unemployed are dock labourers. In Bristol the Distress Committee, realising at once that casual employment is one of the main problems to be dealt with, have under consideration the possibility of diminishing and organising such employment at the docks and elsewhere. In Liverpool the matter formed the main subject of a Commission of Inquiry which reported in 1894. It has been specially dealt with

[1] The undesirable pre-eminence of ports in respect of unemployment extends beyond Great Britain. In the German census of unemployment (1895), the six towns showing most unemployed per cent. of population were the capital, Berlin, and Altona, Hamburg, Danzig, Königsberg, Stettin (five ports).

also in a pamphlet by Miss Rathbone,[1] which shows that "the present irregularity of employment is much greater than is arithmetically necessary to balance the irregularity of work in the port, taking it as a single labour market". The position indeed is analysed exactly on the lines of the foregoing analysis of London conditions. The number of different "stands" for the engagement of men is indicated as the principal factor in maintaining a body of casual labour altogether in excess of the total requirements of the port. Co-operation between employers in taking men from a few main centres instead of from these "stands" is advocated as the most hopeful line of reform.

The problem even in this extreme form is by no means one of waterside labour alone. Everywhere Distress Committee records reveal men whose conditions of employment approximate to those at the docks, who pick up a day here or a day there, or wait outside factories or works to be taken on at a moment's notice and dismissed in the evening. Among these the casual carman holds a peculiar position. He is often of no higher type than the least skilled labourer, but he tends generally to become attached to some particular firm. Each firm has its little collection of men waiting to be called; since the firms are never all busy together there is never a time when some men are not out of work.

The problem, again, is not confined to the extreme form of which waterside labour is the type, and in which the common unit of engagement is a day, or at most two or three days. The different classes of builders' operatives and labourers head another variety equally important and even more widely spread, in which the common unit of engagement is the "job" of weeks or months. Here the same incalculable irregularity of work, especially in regard to any one employer, issues, through the same limited use of machinery, in extreme irregularity of employment and the need for a large labour reserve. The method of engagement is in form fully as casual as at the docks; it is an almost universal rule for men to be engaged subject to an hour's notice on either side, and without characters being either given or required. Wages, however, are paid weekly, and men once engaged are, unless distinctly incompetent, in practice retained till the conclusion of the job or of their part of it. They do not have to compete, as so many waterside labourers do, for fresh engagement every morning. This fact, and to a less extent the higher rates of pay, distinguish the occupation of the builder's labourer favourably from that of

[1] *Report of an Inquiry into the Conditions of Dock Labour at the Liverpool Docks.* Eleanor F. Rathbone.

the dock labourer. The men are, on the whole, of a higher type, and distress among them is rather recurrent, with bad weather or the end of a job, than chronic. Such a generalisation has, of course, to be made subject to a good deal of qualification. There is probably hardly any occupation in which formal similarity of conditions is combined with such great practical differences. A job at sevenpence an hour may last a week or it may last two years. There are some men who seldom get anything better than the first of these. There are others who, by their connection with a large firm or two or three foremen, obtain practically continuity of employment throughout their working life. While, however, the bulk of builders' employees, skilled and unskilled, are of a higher type than the bulk of the waterside labourers, there is a floating mass of labour more or less common to both occupations.

The building trade has, indeed, to set against the advantages mentioned, the great disadvantage of lacking fixed centres of employment. By the nature of things no two pieces of work follow closely on one another in the same spot. The foremen, to whom the whole business of engaging men is entrusted, move continually from one job to another, from one end of a town to the other, or even from town to town. Each foreman tends to take on with him the pick of his men and others follow, but, as a general rule, of all the men under him at any time the proportion whom a foreman has consciously employed before is not very great. He starts on a job with a few leading hands. The rest are taken on as they come—guided by recommendations from their mates or stray hints in public-houses, following up a load of builder's materials or a contractor's travelling office on a van, tramping without guidance about likely districts. Obviously such a system or want of system could not work unless there was an army of men always on the tramp, a reserve of labour drifting perpetually about the streets. How it does work is shown eloquently by the practice of "weeding out" at the beginning of a job. All likely men are taken on as they come without inquiry; a certain proportion commonly prove unsatisfactory on trial, and after a few days, or it may be a few weeks, are dismissed as better men gradually come along; efficient gangs are got together by a process of selection; the men dismissed are free to go on and repeat the same process elsewhere.[1] The obvious result is to maintain in a state of permanent demoralisation a mass of low grade casuals. Their occasional doles of work are insufficient for

[1] *Unskilled Labour*, p. 47, and "Evidence," Qu. 430-32, 305-7.

a decent living; while they are getting their doles, the more efficient men who are to displace them are probably already unemployed and seeking for work, but seeking for it in the wrong direction. To call employment in the building trade a lottery is to use the language not of metaphor but of literal description. The analysis already made as to the effects of chance in the competition for work applies forcibly; casual jobs are scattered over a quite unnecessarily large number of individuals. The lottery, indeed, is one mitigated by many formal and informal connections between particular foremen and particular workmen. Each foreman is the centre of a more or less definite group; he may keep their addresses; so far as possible they follow him about and retain touch with him. Yet clearly even this mitigation has its bad side. The more men stick to particular foremen the less is the influence of chance but the greater is the leakage of time through the breaking up of the total labour market into separate groups. The foreman system, again, increases enormously the uncertainty of employment, since with the death or dismissal of a particular foreman all those customarily dependent on him lose their ground in the labour market. Finally, the door is opened to abuse of patronage; convivial drinking and even direct bribery are not unknown as a means of securing employment.[1]

The course of the argument is already making it clear that casual employment cannot be treated as a thing apart. There is no saying, and there is no profit in trying to say, with precision what is and what is not to be regarded as casual employment. The phrase implies, no doubt, primarily shortness of engagement, and secondarily engagement of first-comers. But no rigid distinction can be drawn anywhere between "short" hirings and "long" hirings, between employing "known" men and "unknown" men, between selecting by chance and selecting by personal characteristics. The most casual employment in the world—say that of the cab-runner—stands at one end of a continuous series of all possible relations between employer and employed of which the other end is represented by the lifelong contracts of hiring still possible in law, or by the actual permanencies of civil and municipal service. Wherever employment in practice falls short of this degree of permanence, there is the possibility of a certain number of men having to stand off for a time from their usual work, or even leave one centre of employment to try their chance at another. In every industry the aggregate demand for labour is distributed between many separate employers at many

[1] *Problems of Unemployment in the London Building Trades.* N. B. Dearle (1908, J. M. Dent). *Cf.* specially pp. 87-8.

different places. In nearly every industry the fortunes of these separate employers ebb and flow; the separate demands for labour fluctuate; while there is a call for some men to spend their lives practically in one service, there is a call for others to stand idle now and again or shift occasionally or frequently from place to place, according to local needs. Every industry, in fact, shows in some degree the features which have been discussed at length in regard to casual employment at the docks. To every industry the analysis there made is relevant. The dissipation of the demand for labour between a number of separate employers actually increases its effectiveness in calling for a supply of labour. Employer A. may be dismissing men while employer B. is calling for more of exactly the same type, so that the aggregate demand for that class of labour remains the same; if the business of A. and B. were amalgamated there would be no change at all. As it is, however, since the two factories are perhaps at different ends of the town or different ends of the country, B.'s demand may not be felt by the men turned off by A.; it may be felt instead by people not already in that trade—by the generation coming to working age or by men of other occupations. It will to that extent tend to increase the aggregate supply of labour in the trade even while the aggregate demand remains the same. The case of the two employers is also the case of any two industrial districts.

What, for instance, happens when in any town—say London —some particular industry becomes very prosperous so that the demand for labour begins to outrun the supply? The demand will be met either by the migration of men already in the trade from some other town—say Manchester—where employment of that class is slack, or it will tend in London itself to attract fresh people into the trade—to hasten the promotion of learners and apprentices to adult work and wages, to make mechanics at need out of semi-skilled assistants and labourers, to cause a transference from cognate but less desirable occupations. If the demand in London is at once felt in Manchester, and if the movement of men from Manchester to London is easy and rapid, the former alternative may meet the case. On the other hand, just to the extent that London's demand is not felt instantaneously at a distance, just to the extent that labour falls short of perfect mobility between the two places, the trade will actually be recruiting fresh men in London while fully qualified men are unemployed in Manchester. The labour market of that trade will in respect of its total needs tend to become overstocked.

There is, in truth, no such thing as the demand of an industry

for labour, except as an arithmetical abstraction. The actual demand is that of each of many separate employers in many different places. Because of this separation the actual aggregate force of these demands is normally in excess of the arithmetical aggregate; opposite variations are not set off against one another in practice as they are in the statistics. The actual supply tends of course to conform to the actual demand; that is to say, it tends normally to be in excess of the arithmetical aggregate of the separate demands. In other words, the normal state of every industry is to be overcrowded with labour, in the sense of having drawn into it more men than can ever find employment in it at any one time. This is the direct consequence of the work of each industry being distributed between many separate employers each subject to fluctuations of fortune. It depends upon the nature of the demand for labour, not upon the volume of the whole supply. It is the simple explanation of the irreducible minimum of unemployment shown by the trade union returns. These returns cover many widely separated districts. In some, the trade may be at its fullest activity, using up all its local reserves, calling for fresh men, and even held back because it cannot get them. In other districts the trade will be relatively slack and there will be men unemployed. This phenomenon, indeed, may be observed in only a slightly different form even where, as in coal mining, there are practically no unemployed men at all. There fluctuations are met, not by variation in the numbers employed, but by variation in the number of days worked per week. The average numbers for the United Kingdom in each month from January, 1895, onwards have been set out in a table on p. 25. The maximum is 5·69 days per week in February, 1900, and again in February, 1907. Neither of these, however, is a period of maximum activity for each of the different districts—Northumberland, Durham, Yorkshire, Lancashire, Cheshire, Derbyshire, Staffordshire, South Wales, West Scotland—taken separately. In other words, there is not one moment at which all the men in the trade in all parts are occupied to the full. In this sense there is always an unused reserve of labour, an irreducible minimum of unemployment, even in this most completely organised of industries.

The last illustration brings out perhaps more clearly than anything else the character of the reserve of labour as a normal industrial phenomenon. The maintenance of this reserve need not involve distress, and does not in fact do so where, as in coal mining, the reserve consists in the power of men already engaged to work more regularly rather than in the possibility of engaging

fresh men. But whatever the form taken by the reserve, its economic character is the same. It is a thing required and produced by the character of the demand for labour—a demand dissipated between many different centres and different employers each subject to fluctuation.

At this point a general criticism may suggest itself. Modern industry, it may be said, no doubt requires a reserve of labour. Can it, however, be said to produce that reserve? How can methods of engagement bring a body of labourers, casual or otherwise, into being? That surely is the work of their parents. If no man were willing to accept irregular work, there would be no reserve of irregularly employed labourers. If there were not too many men in the country altogether, there would be no material from which to form the reserve. These two points have to be considered separately.

The first point is, no doubt, formally valid. If no man would tolerate the life of a casual labourer, there would be no casual labourers. It is, however, equally true that if all men were as honest as we should like them to be, there would be no thieving and there would consequently be no danger in leaving valuables lying about or in placing men of small means in positions of exceptional trust and temptation. As matters stand, however, common-sense puts upon those who multiply opportunities for thieving responsibility for much of the evil that results. If there were fewer opportunities of living by theft, there would be fewer thefts. If there were fewer opportunities of casual employment, there would be fewer casual labourers. No doubt many casual labourers now could hardly, if at all, accommodate themselves to regular work. The whole body of them may at any time be divided into three groups. Some are casuals by necessity; they could and would work regularly if they got the chance. Some, having begun as casuals by necessity, have become casuals by inclination; they have at one time been in good employment but now through long years of insufficient employment and irregular habits have become unfit for anything else. Some, perhaps, were born with an invincible distaste or incapacity for regular exertion. There is, indeed, not much evidence for the existence of this third type in any large numbers; it will be considered later in dealing with the unemployable. For the second as for the first type the system of casual employment is clearly to a large extent responsible. If that system were abolished, these men, whatever else they were, would not be casual labourers.

The second point raises again the issue discussed in an earlier chapter. The facts there adduced show that the general demand

for labour is fully keeping pace with the general supply. In other words, as the population grows, so industry grows to absorb the population. It is perfectly consistent with this that part of the population should be only irregularly employed, and that the demand for labour in each trade should be such as to draw into it not only a regular body of workmen but also a reserve for emergencies. The potential supply of labour is, in respect of each occupation, inexhaustible. The adaptable new generations are perpetually pressing in upon all known avenues for employment. Once, however, they have been drawn into any particular line they become no longer available for development in other directions; though only partially employed they may be fully absorbed in their industry, *i.e.*, they may be prevented from effectually seeking work elsewhere. There would be nothing paradoxical in a steady growth of the demand for labour though each man by law could work only four hours a day, *i.e.*, stood idle half his time. The men who now stand idle half and more than half their time as casual labourers are really in the same case. They are chained down to their half-places in industry by ignorance and habit more binding than any law. They are under-employed rather than unemployed. No doubt somewhere or other fresh industries are arising or old ones developing and calling for more labour. These men do not and cannot answer the call. They are already part of current industry. They are not available as a force for fresh growth.

Under-employment.

The irreducible minimum of unemployment shown by the trade union returns points to a problem in some ways wider, in in other ways narrower than itself. Discussion of it widens necessarily to embrace the whole reserve of labour and narrows again in practice to the topic of under-employment.

The reserve of labour means simply the men who within any given period are liable to be called on sometimes but are not required continuously. The men of the reserve are all those who over a given period are subject to irregularity of employment. The phrase has always to be taken in this way, that is, with reference to a specified period. Men who over a short period work regularly and men who in that same period are not called on at all, may over a longer period alike appear as members of a reserve—in action part of the time, waiting to go into action during the other part. In the statistics as to distribution of employment given at the beginning of the present

chapter, the period under consideration was always a year. The labour supply in various industries was divided into regular and reserve according as it did or did not work continuously from year's end to year's end. This division, however, is different for different years, and is altogether changed again if the period be lengthened so as to include several years as a single unit and to bring into play not only local and seasonal but cyclical fluctuations. To speak of the reserve of labour in a trade may become, in fact, only another way of speaking of the whole volume of unemployment in it. The change, however, is not one of words alone. It implies a revolution of mental attitude. It involves perception of unemployment, not as a thing standing by itself—an inexplicable excrescence on the industrial system—but as a thing directly related to that system and as necessary to it as are capital and labour themselves.

The widening of the discussion from the irreducible minimum of unemployment to the reserve of labour is necessary because the individuals who at any moment constitute their minimum are an indistinguishable part of a much larger body of men subject to irregularity of employment, subject, that is, to constant leakage of earning power. The special significance of the irreducible minimum of unemployment is merely this: that in nearly every industry the fringe of irregular workmen is greater in fact than is arithmetically necessary. It is never all needed at once; some part is always standing idle. The actual leakage of labour power through irregularity of employment is more than that involved in the fluctuation of the industry as a whole. The number of men drawn into a trade by the scattered demand of a multiplicity of employers is normally in excess of what would be the maximum requirements of the trade, if its activity—remaining unchanged in amount and fluctuation—were concentrated at one place in the hands of a single firm. In other words, the irreducible minimum of unemployment in any trade indicates the degree of friction in the movement of labour. It represents that proportion of the total reserve which might be dispensed with if the labour market in the trade, instead of being broken up into many markets, were unified and organised.

The reserve of labour is a feature of nearly all industries. Incessant leakage of labour power is found to some extent in nearly all occupations and among nearly all grades of workmen. The actual form, however, and the amount of the leakage, and still more its social consequences, may differ enormously from one occupation or one grade to another. It is perfectly possible for an industry to carry its reserve of labour without producing

distress. The wages may be so high as to allow of adequate individual provision for idle times. There may, as in the case of trade unions giving unemployed benefits, be an organised collective provision. There may, as in coal mining, be a plan of distributing the loss of employment over the whole body of men, so that it is not felt as an evil at all. It is, however, also perfectly possible for the leakage of employment to be such as to reduce the average earnings of considerable numbers of men, who yet form an integral part of the industrial forces, below the level of a tolerable subsistence. In other words, the leakage of employment may be so great relatively to the hourly wages as to involve "under-employment" and to give rise to a problem of chronic distress. The special circumstances under which this problem arises may briefly be considered.

The tendency to accumulate reserves of labour itself varies greatly in strength according to the nature of the demand for labour in each trade. The tendency springs from the multiplicity of separate employers and from the irregularity of their separate businesses. Broadly speaking, therefore, the more numerous and more widely scattered the separate businesses and the greater and more rapid the fluctuations, the larger will be the reserves of labour required and the stronger the tendency to their accumulation. Each fresh engagement of a workman in an occupation is a way into that occupation; it is a chance and therefore an incentive to a fresh man to enter and seek to live there. Where, as at the London docks and wharves, thousands of fresh engagements are made daily with a minimum of previous knowledge of applicants, the tradition is set up that any one may get a job there. At least it appears worth every one's while to try and to continue trying. The man who does not succeed to-day may succeed to-morrow; meanwhile he lives on hope and charity and his wife and children's earnings. Where, on the other hand, fresh men are taken on only at rare intervals and at comparatively few places there is little to attract or to retain men in attendance.[1]

Again, the tendency is only one out of many factors governing the relation of demand and supply. It may, in any particular case, be overborne, or held in check, or strengthened by one or more of the other factors. A trade may, for instance, be growing with exceptional rapidity, so that the demand for labour altogether

[1] The competition for posts in the civil service is probably severer than the competition for any other employment, yet the civil service does not maintain a large fringe of casuals in constant attendance because the competition, when it is decided, is decided once for all. The man who has failed to get into the War Office one day does not come down and have another try next day. He knows that he must try somewhere else. The casual docker *never* knows this.

outruns the supply. This is a common feature of new industries or of established industries at epochs of fresh development. It is quite possible that for a while there should be no unemployed in such trades anywhere. The argument of the present chapter would in no way be vitiated by the discovery that some trade at some time had no unemployed percentage at all. The argument is not that the demand for labour can never outrun the supply, but that ultimately the supply always adjusts itself to the demand at a point allowing of reserves of men for local fluctuations. Again, a change of social feeling may over a prolonged period depress the supply below the demand, as in the case of domestic service. Finally, the requirement of technical skill in an occupation introduces a variety of distinctions which must be mentioned in detail.

1. The pressure of competition to enter a skilled trade is less, or less immediate. The pressure comes practically from the rising generations alone, because they alone can learn new arts. The unskilled occupations are subject to the pressure of those dislodged from all other ranks of life. This difference has often an important bearing on the action of employers. An employer cannot rely upon an almost infinite instant supply of carpenters as he can on one of sandwichmen. He has therefore a motive to steady his demand for the former class which does not exist in respect of the latter. The possibility of getting casual labourers makes employment more casual, and casual employment in turn attracts the labourers and gradually unfits them to get other work. In the skilled trades, on the other hand, it is common enough for employers to experience delay in getting men in some particular locality, though, as the trade union returns show, even in these cases there are almost always men unemployed somewhere else.

2. Organisation among the men themselves helps to unify the labour market and de-casualise the demand. Every trade union naturally and instinctively becomes an instrument for promoting the mobility of the labour supply and so for limiting the entry to already overcrowded trades. Some trade unions have developed this side of their work into regular systems of labour exchanges.

3. The character of the work is more likely to be such that it cannot be done so well

(*a*) by men unfamiliar with the business and methods of the particular employer; or

(*b*) by men subject to the physical and moral demoralisation of casual employment.

There are some classes of work—most clerical work, for instance—in which regular employment is the rule because, even though

there may not always be sufficient work to occupy the staff, nothing but a regular staff could do it when it came.

4. The instinctive standard of life is normally higher and the men are therefore unwilling to submit to the same degree of under-employment. In other words, they must get work more regularly if they are to be prevented from seeking work elsewhere.

5. The higher wages give a larger margin for provision against loss of employment. In the trade unions making returns to the Labour Department, this provision takes the form of subscription for unemployed benefits. The reserve of labour is partially paid for out of the wages of the whole body of men.

For practical purposes, then, it is sufficient to consider, not the whole reserve body of labour, but only that part of it which is "under-employed," that is to say, which is called on often enough to be prevented from drifting away elsewhere, but not often enough to obtain a decent living. This is clearly the position of the casual labourer—at the docks, in the building trade, on the fringe of almost all occupations. His nominal wages are lower; he cannot on 6d. or 7d. an hour stand the same degree of irregularity as a skilled man on 10½d. an hour. He is exposed to the competition of all who at any time in any trade are at a loss for a day's work. He is protected by no trade union organisation and his employer finds no sufficient motive to improve the conditions or the regularity of his employment. Yet for all that he is part of the industry which he serves, not outside it. He and his like form the reserve of labour without some of which casual employment would not work, for the whole of which casual employment constitutes an effective demand. They are men not unemployed but badly employed. Their distress is an incident of dock industry or of the building industry just as lead-poisoning is of pottery. They are the victims of an indirect but therefore all the more dangerous form of sweating.

To see this it is only necessary to refer to the summary given on page 94 of the actual earnings of certain dock labourers. These earnings are over prolonged periods altogether insufficient for a living. Yet they are the earnings of more or less picked men, and, above all, of men having recognised places in their industry, men listed for preference as "royals". If these men went away, their places would remain to be filled by fresh comers. The casual labourer, as typified by these men, is neither unemployable nor superfluous. He is what he is in response to an effective demand. He waits about at the dock or factory gates only because every now and again he is taken on there. He tramps the streets

only because that is the way in which every now and again he finds a job. His wages are wages, not only for working occasionally, but also for being there and available to work always. He has perhaps a high hourly rate of pay, but his earnings are cut down by the normal irregularity of his work to a point involving chronic distress. The social consequences of this under-employment and of under-payment or sweating in the ordinary sense are ultimately indistinguishable. Each means the maintenance, as an integral part of industry, of a low and miserable form of life. Where the two differ the disadvantage is with under-employment as the subtler and therefore the more dangerous disease.

Men can be got to follow up work which gives them five shillings a day about four times in a fortnight when they would repudiate with scorn a regular situation at fifteen or eighteen shillings a week. Public opinion and custom often maintain the nominal rate of wages even in the face of unlimited competition for employment; the conception of a certain rate per hour of work done readily becomes part of the instinctive standard of life. There is not the same check upon the cutting down of real earnings by irregularity of employment. Here if anywhere is to be seen the beating down of the remuneration of labour under competition to bare subsistence level.

A casual occupation is one in which, whatever the number of competitors for work, each has some chance; the more casual the employment the more equal the chances. It is also one in which the door is always open to fresh comers. If it is unskilled as well as casual, it is further an occupation subject to a constant and practically unlimited pressure of competition downwards from every other grade of industry. Under these circumstances the number of regular competitors for the work will tend to be determined simply by the subsistence standard of those from whom the occupation is recruited. If, to recur to the former illustration, a chance of five shillings a day three times a week is sufficient to keep men of the class capable of dock labour struggling on outside the workhouse, then the number of dock labourers will tend to rise and the average share of each to fall till that level is reached. Only when that level is passed will the occupation be saturated and fresh comers, finding the chance of work inadequate, be either repelled themselves or able to find room only by expelling others. Now in practice not only are the potential sources of supply of labour to a casual unskilled occupation such as that of the docks unlimited, but the supply is largely composed of men whose instinctive standard of life is low to start with or has been beaten down by misfortune. In any complex and living industrial

community men are perpetually passing into and out of employment. There must at all times be men who for the moment at least are in difficulties, whether through their misfortune or their faults, and to whom the chance of ten or fifteen shillings a week at the riverside, without questions asked or previous experience being required, will appear a godsend.

By casual employment therefore real earnings may be and are driven down to a normal level far below the lowest rate possible in regular industry however plentiful the competition and unorganised the workmen. This, however, by no means exhausts the peculiar evils of this indirect form of sweating.

First, such wages as are earned are seldom used to the best advantage. Irregular earnings averaging twenty-five shillings a week are for ordinary human nature by no means the equivalent of a regular wage of that amount. They are certain to a large extent to be wasted in alternations of extravagance and privation. How is household expenditure to be regulated on an income which in successive weeks varies as follows: 22s. 8d., 40s. 4d., 28s., 22s. 2d., 9s. 8d., 17s., 13s. 8d., 29s. 11d., or as follows: 38s. 4d., 5s. 10d., 11s. 3d., 7s. 3d., nil, nil, 42s. 9d., 4s.?[1]

Second, casual employment by demoralising men largely increases its own evils. Men who find their chance of employment not reasonably increased by good behaviour and not destroyed by bad behaviour naturally become slack. They work badly; they take the chance of lying in bed now and again, since work is always uncertain but will not be made more uncertain to-morrow by the fact that it has not been sought to-day. It is, however, needless to dwell upon this point. There is general agreement that casual employment, as was said of the casual wards, "acts as a trap to catch the unemployed and turn them into unemployables".

Third, casual employment is one of the most potent causes of sweating in the ordinary sense. When the head of the family cannot get enough work, his wife and children are driven out to take what they can get at once. The tendency of low-grade women's industries—jam making, sack and tarpaulin work, match-box making and the like—to get established in districts where casual labour for men is rife has often been noticed.[2] The effect,

[1] These are actual cases taken from Miss Rathbone's *Report on Dock Labour in Liverpool*, p. 43, and Howarth and Wilson, *op. cit.*, p. 249. Reference should be made also to the *Report on Unskilled Labour*, p. 56. The saving of the irregular and seasonal worker is to a large extent done backward. His earnings in good times go in working off arrears of rent and redeeming furniture from pawn; his cost of living is increased for he has to pay heavily for credit to the grocer and for rent (to cover the risk of bad debts) to his landlord.

[2] Howarth and Wilson, *op. cit.*, p. 400.

of course, is to increase the immobility of the labourer; even if his earnings dwindle away to almost nothing he is kept from effectively seeking work elsewhere by the occupation of his family. "Much is now being said of the evils of home work and the low wages paid to women. But these evils in the great majority of cases are effect not cause. They generally originate in the fact that women, unskilled and unable, even not desiring to work regularly, compete in low-grade occupations at the time when their casually employed husbands and fathers are out of work. Reduce the extent of casual labour among men and the supply of out-workers will decrease except at wages and under conditions that are worthy acceptance. It is useless to give by means of a minimum wage to women the means for transforming the woman into the main supporter of the family and so leaving the man free to accept even worse pay or more casual conditions."[1]

Fourth, and following directly upon the foregoing, the danger of subsidising casual employment by public or private relief without improving the conditions of the casual labourer is a very real one. It is not easy to get evidence of the nominal rates of wages in a district being affected injuriously by lax administration of out-door relief or of charity; probably custom and public sentiment are at all times sufficient to hold in check the theoretical tendency of "grants in aid of wages" to depress wages directly. But in regard to casual employment, while it is equally difficult to get direct evidence of harm done by charitable subsidies, it is clear that there are no such practical obstacles to the working of economic laws. People who would be aghast at charity or public assistance given to a man in receipt of low wages, are quite ready to help an "unemployed" casual labourer, though if the analysis on p. 79 is sound, the ultimate effect must be to lower the average share of work required for subsistence and thus increase the number of casual labourers till a fresh equilibrium is reached at that lower level. It is obvious that the perennial stream of charity descending upon the riverside labourer and his wife and becoming a deluge at Christmas or on the birth of a new baby is a great convenience to the industry which needs his occasional services and frequent attendance. It amounts to nothing more or less than a subsidy to a system of careless and demoralising employment. The bulk of the relief work doled out winter after winter by municipalities has the same economic character. Casual employment, in fact, makes possible a widespread form of the "grant in aid of wages" far more dangerous because far more

[1] *Unskilled Labour*, p. 57.

insidious than the direct forms which were the object lessons of the old Poor Law. The new subsidy works, not by lowering the rates of pay, but by making labour immobile and so increasing irregularity of earning.

The economic parallel here drawn between under-employment and under-payment implies of course no moral censure. Least of all does it imply criticism of any one set of employers as more thoughtless than others. Casual employment runs throughout the industrial system. Nearly every one at times takes on casual labour. Hardly any are in a position to appreciate the true bearings of their action.

Upon under-employment then attention must first be concentrated. The evil is most pronounced in certain occupations such as waterside labour and building. It is by no means confined to them. The experience of Distress Committees shows a fringe of under-employed labour almost everywhere and in dependence upon an enormous variety of trades. On the other hand, actual under-employment is less general than the economic forces to which it may be ultimately attributed. These forces produce or tend to produce everywhere reserve bodies of labour. They involve almost everywhere a certain irregularity of employment and leakage of labour and earning power. The leakage, however, need not be so great as to cause actual distress. To belong to a reserve of labour is not necessarily to be under-employed.

While, however, the problem of under-employment is in this sense limited and narrower than that of the reserve of labour, it cannot profitably be considered without reference to the wider aspects. It has to be seen as a problem, not of rescuing individuals, but of reforming an industrial method; as a problem, not of grappling with an emergency, but of raising a general level of life. It is in essentials a problem of business organisation—that of providing a reserve of labour power to meet fluctuations in such a way as not to involve distress. This is done in some industries. In the possibility of doing it for all lies the only hope of a cure for one of the most inveterate of social evils.

CHAPTER VI.

LOSS AND LACK OF INDUSTRIAL QUALITY.

1. Changes of industrial structure. Illustrated by census. Decay of particular trades. New processes or machines. New forms of labour. Shifting of locality. Common feature the destruction of established livelihoods. Not, however, of great apparent importance. Such changes best considered under a more general heading as one type of factors producing qualitative maladjustment in the labour market. Other factors are age and deficiencies of industrial training.
2. Influence of advancing years. Applicants to Distress Committees drawn in comparable proportions from all ages though more from the later ones. Unemployment not specifically a disease of old age. Popular idea that men get displaced at earlier ages than before contradicted by statistics of superannuation in two important unions. Old men and the standard rate. Advancing years destroying adaptability increase the difficulty of obtaining new employment.
3. Deficiencies of industrial training. The bulk of applicants to Distress Committees have taken to "blind-alley" and uneducative employments on leaving school. Inference from this that improvements of industrial training are the principal remedy for unemployment not justified. Distress Committees register only some, not all, the unemployed. Casual labour market recruited from many sources and at all ages; age distribution in residuary and skilled occupations compared. Casual labour dependent upon casual demand. Possible influence of industrial training upon unemployment limited. Need for revival of principle only of apprenticeship—that every boy should be learning something as well as earning.

CHANGES of industrial structure are constantly occurring and constantly throwing men out of employment. The very life and growth of industry consist in the replacement of old machines by new; of established processes by better ones; of labour in one form and combination by labour in fresh forms or fresh combinations. The demand for labour is thus in a state of perpetual flux and reconstruction both as to quality and as to quantity. Men who for years have satisfied the demand in one form may find the form suddenly changed; their niche in industry broken up; their hard-won skill superfluous in a new world; themselves also superfluous unless they will and can learn fresh arts and find the way into unfamiliar occupations. They are displaced by economic forces entirely beyond their control and taking little or no account of personal merits. They are, in the words already cited from John Stuart Mill, "sacrificed to the gains of their fellow-citizens and of posterity".

The changes which may have this effect are very various. Each indeed is so far individual and specific as to make ex-

haustive description impossible. All that can be done is to note the main types, and to illustrate them, as they can most conveniently be illustrated, by reference to the census reports on the occupations of the people.[1]

First, while the industry of the country as a whole grows, particular industries or forms of production may decay. The most striking instance in this country is, of course, that of agriculture. In 1851 this gave employment to 1,544,087, or nearly a quarter of all the males aged ten years and upwards in England; in 1901 to only 1,153,185, or less than the tenth. On a smaller scale the changes in several forms of mining have been even more revolutionary. Tin and lead mines employ in 1901 respectively about a half and a quarter of the numbers employed in 1851. Copper mining has practically disappeared, occupying 789 males in 1901 as against 18,449 fifty years before. Coal mining alone of the chief extractive industries shows a steady and rapid growth alike in output and in numbers occupied. Another clear case of decay is presented by silk manufacture, where the numbers employed have fallen from over 120,000 in 1851 to under 35,000 in 1901. The causes of this, so far at least as the "throwing" branches of the trade are concerned, were summarised by one of H.M. Inspectors of Factories as follows: "(1) smaller production of silk goods, owing to the competition of foreign countries. (2) The change in the demand for a finer and more level silk fibre. (3) The gradually improving conditions through the Chinese reeling their silk on an improved principle which obviates the necessity of 'throwing' under the old conditions."[2] Often of course the decay of an occupation is brought about not so much by changes of the character here outlined, as by the substitution of one industry for another. Thus all occupations connected with horse traction and transport—from grooming to saddle making—are at the moment threatened by the development of motor traction.

Second, an industry may be transformed by the introduction of new processes or new machines. From this point of view the lace trade is particularly interesting. The total number of persons employed declined steadily from 61,726 in 1851 to 34,948 in 1891. No doubt this was in part due to the increased importation of foreign laces. In part, however, and probably in larger part, it represented a supersession of pillow made or bone lace by bobbin net, first made on hand machines but more recently by

[1] *Cf.* in particular the *General Report of the Census of* 1901, from which most of the following particulars are taken.

[2] Quoted in the *General Report of the Census of* 1901.

water power or steam power. At first the diminution of the hand workers was far greater than the increase of the machine workers, but in the decade 1891 to 1901 the tide turned. The increased demand for machine products drew into that branch of the trade numbers more than sufficient to counterbalance the continuing diminution in the other branch. The total numbers employed rose from 34,746 in 1891 to 36,439 in 1901. This change, it may be noted, has involved also a change in the localisation of the industry. The counties of Nottingham and Derby, where lace is principally made by machinery, show an increase at every census since 1871; in Bedford, Buckingham, and Northampton—the seats of hand-made lace—the numbers have fallen continuously from 23,450 in 1861 to 2,350 in 1901.

Third, perhaps as an accompaniment of new processes or machines, one type of labour may be substituted for another. Thus, in boot making, where the number of persons employed remains, in spite of the increased total population, practically the same in 1901 as in 1891, there has been, according to the census, not only a substitution of machine work for hand work, but also of females for males, and of younger for older males. Other cases in which the census shows a replacing of males by females are brushmaking, hosiery, and carpet making. Sometimes, however, a contrary movement appears, as in straw hat manufacture, where owing, it is said, to the introduction of straw hat sewing machines, male labour has grown considerably at the expense of female.

Fourth, the chief seat of an industry may shift from one part of the country to another. This, as in the instance of the lace trade mentioned above, may happen as the accompaniment of other changes. Sometimes—as in the removal of the main shipbuilding centres of the country from south to north—it may be independent of them.

The common feature in all these types of change is the destruction of established livelihoods, or from a slightly different point of view, the destruction of industrial quality. The character of the demand for labour is changed; old ways of making a living are blocked up; the old qualifications will no longer serve. Undoubtedly changes of this sort are incessantly occurring. Undoubtedly also individuals are from time to time precipitated by them from comfort and security to poverty or even to absolute destitution. At the same time one of the points that stands out most clearly in the experience of recent years is the relative unimportance of such changes as factors in the problem of unemployment. The man just displaced from a good situation by the destruction of an industry or the application of a new process is,

indeed, to be found amongst the unemployed but is hardly ever to be found in appreciable numbers. He is a familiar figure in abstract discussions. He is far from prominent in the reports of Distress Committees or any other authorities dealing practically with the problem. For this lack of prominence the reasons are not far to seek.

On the one hand, changes of industrial structure are as a rule far more gradual than is allowed for by popular imagination. The typical alterations noted above have been spread over intervals of ten to fifty years. The industrial population is constantly changing, by death or retirement at one end of life and the entry of fresh generations at another; the numbers in any industry may decline continuously without any one being displaced from it, but simply through no new men entering to take the places of those who get past work. Industries seldom die in a night. So too new machines and new processes are seldom introduced everywhere at one blow. They come gradually and experimentally. Even where the substitution of the new process for the old is direct, the existing workmen or some of them have naturally the first chance of learning the new one. Often the substitution is quite indirect; machine production grows slowly in one district or set of factories as hand production slowly declines elsewhere. It is not of course suggested that these changes are normally accomplished without loss or friction of any sort. Every transition has its difficulties. The point to be made is that in industrial transitions the difficulties are as a rule far less acute than is commonly supposed.

Second, there is a logical objection at any time to describing a change of industrial structure as in itself a cause of unemployment. The cause of a man's being unemployed is not that which led him to lose his last job but that which prevents him from getting another job now. A change of industrial structure may displace men from their chosen occupations. It does not in itself prevent their immediate re-absorption elsewhere. If, therefore, the men fail to be re-absorbed it is reasonable to look for some further reason of their failure and to assign that as the cause of their unemployment. It may be that the displacement has occurred during a time of general trade depression, when the whole labour market is temporarily overstocked. It may be that the men displaced have got caught up into casual employment and have thus been kept from seeking effectively for regular work. In each case the cause of their being and remaining unemployed is to be found in the continuing factor—trade depression, or casual engagement rather than in the change of industrial structure.

The distinction here made between the cause of displacement and the cause of continuing unemployment is no mere logical subtlety. It is, indeed, essentially a practical distinction. The most important practical question with regard to an unemployed man is, not how he came to lose his last job, but how it comes that he cannot get a fresh job now. More than this, in considering remedies for unemployment, no one can seriously propose to put an end to changes of industrial structure. These changes are the very life of industry. The points to which attention must be directed are the easing of transitions and the hastening of the re-absorption of the displaced men into regular work elsewhere. Two factors which may for a time permanently prevent that re-absorption have already been noted, *viz.*, general trade depression involving a temporary contraction of the demand for labour in all directions and casual employment acting as a trap to catch men at a loss and turn them into the chronically under-employed. A third and yet more general factor has now to be considered. It may be that, though trade is good and though little casual work is to be had, yet the men displaced fail to get new regular work simply because they do not know where to look for it or cannot adapt themselves to it if they do.

There is thus brought into view a new form of possible maladjustment in the labour market, maladjustment either of place or of quality. There is no such thing as a demand for labour generally. Every demand is specific both in place and character—for a man to carry bricks in London or set up type in Manchester or do some one other thing in a specified place. Equally there is no supply of labour generally. There are merely millions of individuals with varying abilities and limitations, scattered in a thousand towns and villages. An unsatisfied demand for labour may thus and habitually does co-exist with an unemployed supply. The demand may be in one place; the supply in another place. The men required are often of one sort; the men offering of another sort. There are, of course, economic forces which in the long run tend to bring supply and demand into adjustment locally and qualitatively as well as quantitatively. Men move from place to place in search of work. They move to a less extent from trade to trade. The rising generations, above all, are adaptable and can be moulded to the demand. The character of the demand again is ultimately governed by the possibilities of supply. All these adjusting forces, however, clearly leave room for much friction and delay. They are perfectly consistent with the existence of long-continued unemployment owing to the fact that the men seeking

work are not suited for any work with which they can get into touch.

There is no need to labour this point. The possibility of local or qualitative maladjustment between demand and supply of labour is obvious. Maladjustment which is merely local calls for no further analysis here. It is covered by the discussion of the preceding chapter. It remains only to consider the most important forms in which the possibility of qualitative maladjustment is realised or thought to be realised in the actual industry of to-day. Three only call for special attention—loss of industrial quality through a change in the character of the demand for labour, loss of industrial quality through advancing age, lack of industrial quality through deficiencies of training.

The first of these has already been considered. It simply presents changes of industrial structure from a fresh point of view. Men displaced by such changes have to start industrial life afresh. They are put back into the position of the boy just leaving school. They lack his mobility and adaptability. They have often not the slightest idea of where and how to look for work, for they know only the ways of the trade by which they have lived hitherto. They are probably hampered in their movement by having a house and family to maintain. They have become stiffened by age and habit, and lost their power of learning. The capacity of the industrial system to absorb fresh labour is no doubt far from exhausted, but this capacity depends entirely upon the labour being of a sort to be absorbed, that is to say, being suited or able to become suited to the particular developments of the time. The rising generations get absorbed because they are adaptable. The men put back at middle age into the position of schoolboys often fail to get absorbed because they are no longer adaptable. Fresh demands for labour may be opening all round them; they do not and cannot respond to the demand. It is small comfort to the displaced saddlemaker in London that men should be wanted in the motor industry at Coventry. He will, so far as that chance is concerned, remain unemployed. At the same time he will remain unemployed not simply because his original industry has decayed but because after its decay he cannot find the way into a new industry. The cause of his unemployment will be lack of mobility and adaptability under circumstances making these qualities essential.

From this point of view changes of industrial structure as factors in employment fall into line with changes of a more limited and individual character. The man who has for years worked with a particular firm may on the failure of that firm ex-

perience just the same difficulty in finding a new opening as if his whole industry had decayed. Such cases are, indeed, often the most pitiable of all in the ranks of the unemployed, and lead to the most complete destitution. Prolonged continuity of employment with one firm is apt to make a man peculiarly helpless when that one firm dismisses him or fails. He has no previous experience in looking for work; he has no personal connections with other employers or foremen; at a time of general depression he often goes under completely and rapidly when men of a more casual habit survive. The point is well illustrated in the Report of the Stepney Distress Committee for 1906-7. The cases of 104 applicants who appeared to have lost permanent work through the bankruptcy or retirement of their employers were specially examined. Over 70 per cent. of these men had failed to recover regular employment, though over 60 per cent. were still in the prime of life when they applied to the committee and another 20 per cent. were between forty-five and fifty-five. The men peculiarly liable to this complete reversal of fortune are those who, without being in the ordinary sense skilled, acquire by proved trustworthiness, by familiarity with the course of business, or by old associations a special value for one particular employer, but who when that employment fails cannot prove their worth to another.

The second topic—that of the influence of advancing age—is best introduced by consideration of the actual age distribution of the unemployed. The following table is based on the report of the Local Government Board as to the administration of the Unemployed Workmen Act in 1907-8. The figures for each of the earlier years of the operation of the Act are substantially the same.

TABLE XVIII.—AGES OF APPLICANTS TO DISTRESS COMMITTEES—ENGLAND AND WALES, 1907-8.

Ages.	No. found Qualified for Assistance under the Act.	Being per cent. of all Qualified Applicants.	Being per 1,000 of all Males at each Age.
Under 20	1,256	2·3	[0·8][1]
20 and under 30 . . .	14,020	25·7	5·0
30 and under 40 . . .	16,249	29·7	7·4
40 and under 50 . . .	12,823	23·5	7·7
50 and under 60 . . .	7,687	14·1	6·8
Over 60 years . . .	2,578	4·7	[3·8][1]
	54,613	100·0	—

[1] Calculated on males between 15 and 20 and 60 and 70 respectively.

The second column of this table shows that nearly 60 per cent. of all the qualified applicants were under forty years of age, and over 80 per cent. were under fifty. The corresponding figures for London alone are not substantially different from those for the rest of the country.

These figures are, however, in various ways unsatisfactory. First, they relate not to all applicants but only to those whom the Distress Committees, acting on various principles, regarded as qualified for assistance. Second, they are not in the form required to show the direct influence of age upon unemployment. For that purpose it is necessary to compare the number of the unemployed at each age, not with the total number of the unemployed of all ages, but with the total number of those who might be unemployed at that age, *i.e.*, with all persons of that age.[1] The third column of the table given above makes this comparison by showing the number of the unemployed at each age for every thousand of the male population at that age. It will be seen that each decade from twenty to sixty contributes substantially, but that the proportion in the first decade—from twenty to thirty—is distinctly lower than that in the later ones. A better comparison, however, is not with all the males, but only with the occupied males at each age. This cannot be made for the country as a whole, because the returns furnished by the Distress Committees to the Local Government Board classify unemployed applicants upon one basis (20-30, 30-40, 40-50, etc.) while the census classifies the occupied population on another (15-19, 20-24, 25-34, 35-44, etc.). For London, however, and for West Ham the comparison can be made and is made in the tables next following.

[1] On this point a certain amount of misapprehension is not uncommon. Thus Professor M. E. Sadler, writing to the *Morning Post* of 27th August, 1908, calls attention to the fact that in London "considerably more than one-half of the total number of applicants who after investigation were found qualified for assistance under the Act were under forty years of age" and that "more than one out of every four (28 per cent.) of the total number of qualified applicants was under thirty". He thereupon expresses considerable apprehension at the "large proportion of young men among the unemployed," and advocates the development of industrial training and improvement in the conditions of boy labour as one of the remedies for unemployment. Now, from one point of view—that of relief measures—the proportion of relatively young men among the applicants to Distress Committees is very important. That is the proportion in regard to which it may be worth while to try methods—emigration, training for new industries, etc.—which would be obviously hopeless in the case of older men. As a basis for preventive measures, however, this proportion has little or no value, because it throws little or no light upon the causes of unemployment. To get that, the comparison made in the text—between the age distributions of the unemployed and that of all males or all occupied males—is essential. Only in that way can it be seen whether unemployment is more prevalent amongst the young or amongst the old. As a matter of fact it is found that the large proportion of young men amongst the unemployed corresponds with an even larger proportion of young men in the whole population.

These, it may be noted, deal with all the applicants, not only with those whose cases were entertained.

TABLE XIX.—AGES OF UNEMPLOYED APPLICANTS (LONDON).

Age.	Occupied Males, 1901.	Unemployed Applicants (Male), 1906-7.	Being per 1,000 of Occupied Males at that Age.
15-19 . .	188,367	664	3·5
20-24 . .	209,537	3,110	14·8
25-34 . .	363,988	8,146	22·4
35-44 . .	274,435	7,410	27·0
45-54 . .	187,493	4,641	24·8
55-64 . .	104,421	1,818	17·4
65 . . .	40,669	366	9·0

TABLE XX.—PROPORTIONS AT EACH YEAR IN SUCCESSIVE AGE GROUPS. (NUMBERS AT EACH YEAR 20-24 = 100.)

Age.	Occupied Males, England and Wales (1901).	Occupied Males, London (1901).	London Unemployed, 1906-7.	London Riverside Labour (1901).	London General Labour (1901).	West Ham Unemployed, 1906-7.
15-19 .	103	90	21	49	77	25
20-24 .	100	100	100	100	100	100
25-34 .	84	87	131	122	94	143
35-44 .	66	65	119	126	83	155
45-54 .	47	45	75	94	59	129
55-64 .	28	25	29	45	31	98
65-74 .	11	8	[6]	12	9	26

The figures here given must of course be taken with caution. Men past the prime of life tend to understate their age when applying for work, so that beyond question some of those who are recorded in the middle groups should come later. After allowance has been made for this, however, it appears safe to say that the proportion of unemployed to occupied population increases in every age group up to 35-44, but that comparable proportions are found at all ages after twenty.

The second table shows the same facts in a different way and calls perhaps for a little explanation. In a normal self-contained population, that is to say one recruited mainly by fresh births, not by immigration, the numbers at each year of age decrease steadily from youth onwards, because those at each year represent the survivors of those who twelve months before were at the preceding year of age. Thus, comparing for convenience groups of years rather than particular years, the persons between forty-five and fifty-five at

any moment are the survivors of and less numerous than those who were between thirty-five and forty-five ten years before. Unless therefore the population is changing very rapidly in number or age distribution, they will be less numerous also than those who are between thirty-five and forty-five now. Accordingly the first column of the table shows that in England and Wales, at the time of the last census, for every 100 occupied males per year of age from twenty to twenty-four inclusive, there were on an average only eighty-four per year of age from twenty-five to thirty-four, sixty-six per year of age from thirty-five to forty-four, and so on in decreasing order. For the occupied males in London the corresponding figures are substantially the same; the slightly greater number between twenty-five and thirty-five shows the influence of the rural invasion, and the slightly smaller numbers in the later groups the lower expectation of life in industry than in agriculture. To both these sets of figures those for the unemployed applicants present the strongest possible contrast. For every 100 unemployed per year of age from twenty to twenty-four there are not eighty-four but 131 per year of age from twenty-five to thirty-four, there are not sixty-six but 119 per year of age from thirty-five to forty-four. This means of course that the unemployed are largely recruited from those who fall out of employment after their first youth. The comparison with riverside and to a less extent with general labour points the same moral. Here too there are proportionately far more men in the later age groups than among occupied males as a whole. They are both residuary occupations to which men have recourse when driven out of their chosen trades.

The statistics given above certainly do not indicate advancing years as a factor of great importance in unemployment. The unemployed applicants to Distress Committees are drawn, not indeed in equal, but at least in comparable proportions from all age groups. The great bulk of them are men in the prime or in the vigorous maturity of life. The steady workman dismissed directly on account of his grey hairs plays but a small part in the statistics. On the other hand, advancing years undoubtedly make their influence felt. The number of the unemployed is proportionately greater at the higher ages.

The influence of advancing years is not, indeed, always unfavourable. There are some sorts of work at which men continue to become more skilful almost to the end of life itself. There are some industrial qualifications—proved trustworthiness, regularity, experience—to say nothing of old associations which get stronger not weaker with increasing age. There is, however, one industrial

quality which almost inevitably deteriorates—adaptability—and this, in the flux of industry, is one of the most important qualities of all. The adverse influence of advancing years is thus seen less when it is a question of retaining old employment than when it is a question of finding new employers. The man of middle age who through trade depression or changes of method or the misfortunes of particular firms loses his ordinary place in industry is hard put to it to prove his worth among strangers. He may have admirable qualities, but he does not carry the proof of them with him as he does that of the years through which he has lived.

So much may be said with regard to age as a factor in the returns of unemployment to-day. There remains the question as to whether it is a factor gaining or losing in importance. The idea appears to be almost universal that the world is becoming increasingly harder for the man who is past his prime and that the age of compulsory retirement from industry is falling—that men in fact from being too old at sixty are coming, as a rule, to be too old at fifty-five or even before.

This proposition is commonly advanced as if it were axiomatic. It is thought to follow from the continual "speeding up" of industry that the older men who cannot be speeded up must be falling more and more behind. Whether, however, this is really happening it is extremely hard to say. It is no doubt the case that the proportion of all persons over sixty-five who returned themselves as occupied fell in 1901 to 60·6 per cent. as compared with 64·8 per cent. in 1891. The census returns of occupation have, however, a very indirect and doubtful bearing upon questions of employment. The more relevant figures to be derived from the returns of superannuation benefit in two of the leading trade unions appear to show a tendency directly opposed to the current view. These are given in the tables on next page.

In each of the unions concerned the superannuation benefit is payable not at a fixed age but only upon proof of incapacity either to follow the trade or to earn the ordinary rate of wages.[1] The age of superannuation is therefore the age of compulsory retirement from the trade through increasing infirmities. It will be noted that in each case there has been a distinct rise in the age within the past twenty or thirty years by the tables, and that, taking five yearly periods, the rise has been fairly though not absolutely steady. In the Amalgamated Society of Engineers the average age of compulsory retirement is now (1906-7) 63¼ or over

[1] There are also a low minimum limit of age—55 (formerly 50) for the Engineers—and a requirement of a certain number of years' membership.

TABLE XXI.—AGE AT SUPERANNUATION—AMALGAMATED SOCIETY OF ENGINEERS.

Year.	No. of Members Superannuated during Year.	Average Age at Date of Superannuation.	Average Age at Death of Superannuated Members.
1885. . .	174	$61\frac{1}{2}$ $61\frac{1}{2}$	$65\frac{1}{3}$
1886. . .	223	$62\frac{1}{8}$	
1887. . .	194	$61\frac{1}{2}$	
1888. . .	250	$61\frac{5}{12}$ $61\frac{2}{3}$	—
1889. . .	318	$61\frac{11}{12}$	
1890. . .	304	$61\frac{1}{3}$	
1891. . .	287	$61\frac{3}{4}$	
1892. . .	416	$61\frac{1}{2}$	
1893. . .	295	63 $62\frac{1}{8}$	—
1894. . .	407	$62\frac{1}{4}$	
1895. . .	428	$62\frac{1}{8}$	68
1896. . .	526	$61\frac{5}{12}$	69
1897. . .	366	$62\frac{3}{4}$	
1898. . .	629	62 $62\frac{1}{4}$	—
1899. . .	494	$62\frac{3}{4}$	69
1900. . .	552	$62\frac{1}{2}$	$69\frac{1}{3}$
1901. . .	628	$62\frac{3}{4}$	$69\frac{1}{2}$
1902. . .	614	63	$69\frac{1}{2}$
1903. . .	718	$63\frac{1}{2}$ 63	$69\frac{1}{2}$
1904. . .	715	63	$69\frac{1}{2}$
1905. . .	654	$62\frac{7}{8}$	$70\frac{1}{2}$
1906. . .	631	63 $63\frac{1}{4}$	70
1907. . .	691	$63\frac{1}{2}$	

TABLE XXII.—AGE AT SUPERANNUATION—FRIENDLY SOCIETY OF IRONFOUNDERS.

Mean of Years.	Average Age at Death of Superannuated Members Dying during Year.	Average Time on Fund.	Average Age at Date of Superannuation.
1883-1885 . .	$68\frac{1}{2}$	$6\frac{3}{4}$	$61\frac{3}{4}$
1886-1900 . .	$69\frac{3}{8}$	$7\frac{1}{8}$	$62\frac{1}{4}$
1891-1895 . .	$69\frac{3}{4}$	$7\frac{3}{8}$	$62\frac{3}{8}$
1896-1900 . .	$70\frac{1}{4}$	$7\frac{3}{4}$	$62\frac{1}{2}$
1901-1905 . .	$70\frac{1}{2}$	$8\frac{1}{8}$	$62\frac{3}{8}$
1906-1907 . .	$71\frac{1}{4}$	$8\frac{1}{2}$	$62\frac{3}{4}$

$1\frac{1}{2}$ years greater than it was from 1886 to 1890. In the Friendly Society of Ironfounders, where the figures for each period relate not to those superannuated but to those dying in each period, the difference shown is between $61\frac{3}{4}$ in 1883-5 and $62\frac{3}{4}$ in 1906-7. The following table shows the contrast in another form :—

TABLE XXIII.—AGE AT SUPERANNUATION—AMALGAMATED SOCIETY OF ENGINEERS.

MEMBERS SUPERANNUATED.

Age.	During 1885.		During 1907.	
	No.	Per cent. of All.	No.	Per cent. of All.
Under 60 .	67	38·5	157	22·7
60-65 . .	61	35·2	251	36·3
65-70 . .	34	19·5	201	29·1
70-75 . .	10	5·7	73	10·6
75-80 . .	2	1·1	9	1·3
	174	100·0	691	100·0

It will be seen that in 1907 only 59 per cent. of those claiming superannuation were under sixty-five as against 73·7 per cent. in 1885, while those over seventy were nearly 12 per cent. as against 6·8 per cent.[1]

The experience of these important unions, therefore, runs directly counter to the popular view. In them at least men seem able to work on to a later age now than they could a generation ago. This experience cannot of course be taken as conclusive on the general question. The figures given are too limited for that.[2] They are, however, sufficient to make the popular view a thing to be proved rather than assumed. They serve also to suggest inquiry into another statement that has obtained very general currency. This is the statement that trade unions by insisting upon the full standard rate even for men who are too old to do the full amount of work prevent them from getting any employment at all.

Unfortunately, the available facts are here also insufficient to justify any final judgment. Obviously the application of a hard and fast standard rate irrespective of age must tend to drive men

[1] The statistics given illustrate another point which, while not bearing directly upon unemployment, is of the greatest social importance. While the age of superannuation has risen the age at death in each of these unions has risen yet more rapidly, *i.e.*, the actual burden of old age upon the unions has increased. The whole period of life has lengthened more than the period of industrial life.

[2] In one other important union—the London Society of Compositors—for which similar averages can be given, the comparison between earlier and later years is affected by an important change of the rules in 1901 whereby any member of sixty years of age and of a certain standing in the society was allowed to claim a pension of ten shillings a week without proof of industrial incapacity or submission to medical examination. Since 1902 the average age of superannuation in each year has varied only between $62\frac{3}{4}$ in 1905 and $63\frac{3}{4}$ in 1904 and 1907, with a mean of $63\frac{1}{4}$. In the decades 1881-90 1891-1900, the means were $63\frac{3}{4}$, and $65\frac{1}{4}$ respectively.

out of employment the moment they begin to fail and long before they are completely past work. It is, however, not the case that all trade unions insist on a rate of this character. Express exceptions in the rules in favour of members over sixty allowing them to work at any rate they can get or at a reduced rate to be approved by their branch, are by no means uncommon.[1] It is of course possible that in some of these cases the formal rule of exception is seldom put in force or that the branch refuses its consent to a lower rate. On the other hand, it is quite certain that many unions in fact make exceptions for their aged members without possessing any formal rules on the subject. This is the case with the Amalgamated Society of Carpenters and Joiners,[2] and, to a less extent, with the Amalgamated Society of Engineers. The question is indeed very largely one of the strength and feeling of the particular branch concerned. If the standard rate is firmly established it may appear safe to make exceptions for the older men. If the standard rate is at all in danger the making of any exceptions may be dreaded as likely to be treated as a precedent. There is undoubtedly a possibility that insistence upon a rigid standard may bear hardly on older men. There does not appear to be as yet much evidence that trade union action has this effect now to any very serious extent.

The two topics just discussed—changes of industrial structure and the influence of advancing age—are clearly very closely related. Indeed, regarded as factors in unemployment, each derives importance largely through connection with the other. The characteristic effect of changes of industrial structure is to make adaptability essential. The characteristic effect of advancing years is to destroy adaptability. If all men remained throughout life as adaptable as in their school years, the labour supply might follow closely every variation in the character of the demand. If the demand remained always for the same types of work, increasing years and experience might more often strengthen than weaken men's hold on employment. Changes of industrial structure or of individual firms place men out of harmony with their environment. Ignorance and lack of adaptability prevent them from recovering harmony. Unemployment results because, though men may be required, they are no longer of the sort required.

[1] They occur, for instance, in the rules of several furnishing trade unions, and of others in the printing, leather and building trades. In one union indeed members over fifty-six years of age may not only be allowed but be compelled by their branches to accept less than the standard rate (so as to clear the unemployed fund).

[2] *Home Work. Report of Select Committee of the House of Commons*, 1907 (290): Evidence of Mr. G. R. Askwith, Qu. 3965, 4196-7.

The last topic to be considered is the effect of deficiencies of industrial training in producing a labour supply out of harmony with the demand. The great bulk of the applicants to Distress Committees are unskilled or low-skilled irregular labourers. From this the inference is commonly made that the great bulk of the unemployed are of the same type. From this in turn comes the inference that unemployment itself is due to men's becoming unskilled irregular labourers and that in preventing them from doing so lies the main hope of a remedy for the disease. The argument, in other words, is that, owing to deficiencies of industrial training, there is taking place as between demand for and supply of labour a maladjustment of quality which is a principal or the principal cause of unemployment. Skilled regular workmen are wanted; unskilled casual workmen are being produced. This is the argument to be examined in the following pages. It will be well first to set out a little more fully the facts upon which it is based.

On the one hand, it is clear that a great many boys and girls on leaving school enter occupations in which they cannot hope to remain for more than a few years and in which they are not being fitted for any permanent career. With the decay of apprenticeship or rather with the development of trades and processes to which apprenticeship has never been applied, there has come a break up in the continuity of industrial life. The principle of apprenticeship was that people should enter in early youth the craft in which they would remain to the end. Each craft, therefore, would show the same age distribution as the general population; each would be self-contained and self-supplying from start to finish. At the present time the separate industries and occupations show every variety of age distribution. Some want comparatively few boys from school and only recruit at later ages. Some use far more boys than they can possibly find room for as men. It is these latter that make the problem under discussion. They are the "blind-alley" occupations which have to be abandoned when man's estate is reached. They are of two main types. First, the boy or girl may be employed in a factory upon some special light work—minding a simple machine, paper folding, packing and the like. Second, the employment may be of a more general and outdoor character; the thousands of newspaper boys, shop boys, messenger boys and van boys in private or public employ are prominent instances. In each type, however, the position of the boys or girls is the same. They enter, not as learners, but as wage earners, doing some work too simple or too light to require the services of grown people. When, therefore, they themselves grow up and begin to expect the wages of grown people, they

must go elsewhere to obtain these wages. They leave or are dismissed and their places are taken by a fresh generation from the schools. They find themselves at eighteen or twenty without any obvious career before them, without a trade in their hands, and with no resource save unskilled labour. They go therefore—very likely after an interval of military service—to overcrowd that already crowded market. Moreover in many cases they have not merely wasted in uneducative labour the years in which they might have been learning a trade; they have often actually been unlearning what they had learnt at school—the habits of obedience and regularity. This is particularly the case with some employments of the second type noticed above, where the conditions of work are such as to foster casual habits or expose to many temptations. The van boy, for instance, learns to put in half his time in waiting about, and the newspaper boy spends all his in the streets. Neither is learning the lesson of assiduity; each is thus on the way to become a "casual by inclination".

On the other hand, it is clear that the great bulk of applicants to Distress Committees, as they are now unskilled and casual labourers, are men who as boys have entered "blind-alley" occupations. This appears at once from any inquiry into their previous history. In Stepney, for instance, it was found that out of 333 men only thirteen had been apprenticed and only twenty-three had as boys gone to work where they could pick up some sort of useful skill. All the rest on leaving school had taken to unskilled and uneducative labour, and between then and the age of twenty-one had held on an average three different situations, mainly as van-boys, errand-boys, packers and the like. "Nothing," says the Distress Committee, "is more characteristic of boy labour than its extreme mobility, and the ease with which each job can be exchanged for another has, no doubt, an important influence on industrial character later in life." There is no question that this sort of evidence could be multiplied indefinitely, in regard to all districts and all times.

These two sets of facts are unquestionable. There can be no doubt as to the tendency of certain very prevalent forms of youthful employment to turn out men who take necessarily to unskilled and naturally to casual labour. There can be as little doubt that the great bulk of those in distress through unemployment at any time are persons whose early years have been spent in employments of this character. Do these facts, however, justify the inference that entry into such employments in youth is in itself an important or the most important cause of unemployment in later life? Do they really support the view that unemployment

could be cured or greatly diminished simply by directing boys from unskilled to skilled occupations? In several respects such an inference appears to be over-hasty.

In the first place, the applicants to Distress Committees are by no means all the unemployed. They are simply the men who have thought it worth while to register. Speaking generally, they are those of the unemployed who happen to be in distress. There are at all times quite indubitably many other unemployed men who are not in distress or at least not in such distress as to apply for public assistance. Of one section of these record is made in the trade union returns; the men covered by these returns consist almost entirely of skilled workmen, not of irregular labourers, yet they never fail to have from 2 to 10 per cent. of their number unemployed. It is indeed as far as possible from being proved that, if all the skilled men out of employment were ranged on one side and all the unskilled men out of employment were ranged on the other, the latter body would be the largest. The unskilled, in proportion to their numbers, make the bigger show, not only because they fall more readily into distress, but because they are of the nature of a stage army. They are less specialised. Each of them can, and does, apply for a greater variety of situations. Suppose, for instance, that of a hundred men in each of ten trades ten are out of work, making altogether a hundred unemployed in a thousand artisans; then the offer of a job in any one of these skilled trades will at most produce ten applications. Only the men in that particular trade will apply. Suppose, on the other hand, that out of a thousand labourers a hundred are out of work. Then the offer of one labourer's job may produce a hundred applications. Any one comparing the two experiences would be apt to conclude, as from similar experiences people argue in actual life to-day, that unemployment was far greater in volume and degree amongst unskilled than amongst skilled workmen. Yet he would obviously be wrong in his facts and he would not get very far if he started to abolish unemployment by converting as many as possible of the unskilled workmen into skilled workmen. It may indeed be that unemployment, not merely distress from unemployment, is greater amongst labourers than amongst artisans. It may be that the unskilled labour market is overcrowded relatively to the skilled one. The simple fact of industrial gravitation would tend to produce this result. Men can pass downwards from a skilled trade to compete for unskilled work at times of depression or industrial reconstruction; there is no possibility of an opposite movement. All the probabilities, therefore, point to a relative overcrowding of the unskilled

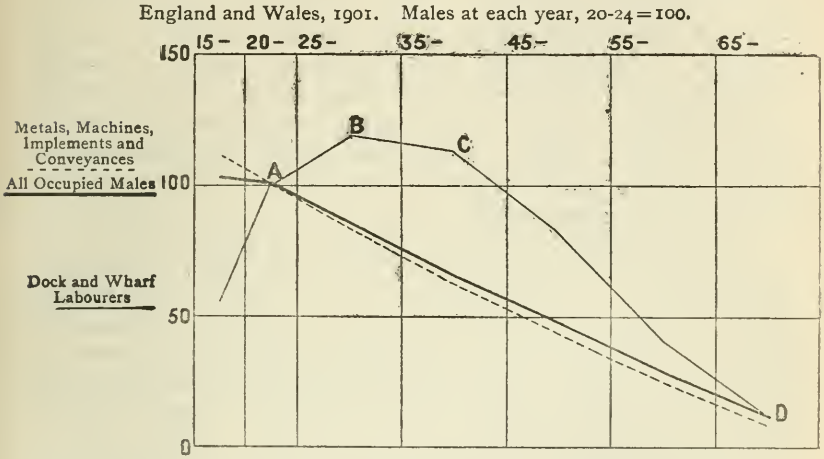
occupations. In the present state of our knowledge, however, they are still only probabilities. The overcrowding is still a matter of inference rather than of evidence, and is certainly less than would be suggested by a study of the Distress Committee records alone.[1]

In the next place, whatever overcrowding there may be in the market for general labour has to be attributed in part at least to causes other than the entry of boys into uneducative "blind-alley" employment. No doubt a certain number of youths go direct from such employments to the ranks of casual labour and chronic distress. A great many others, however, reach the same point by other routes and much later in life. The casual labour market is liable to be recruited from all who at any time are in difficulties; from all who through any cause whatever—illness, accident, personal default, depression, changes of method—have lost their last job and do not know where to turn for the next; from those who have failed as well as from those who have never fairly started in life. The statistical record of this is to be seen in the table given on p. 119. If dock labourers or the unemployed were mainly or predominantly recruited direct from those who have to leave a "blind-alley" occupation at eighteen or twenty, they should, as in the case of a normal self-contained population, show decreasing numbers at every year of age from that time onwards; the men between thirty-five and forty-five, for instance, would be predominantly the survivors of those who ten years before had been ranked under the same heading between twenty-five and thirty-five. Their actual age distribution, as has already been pointed out, does not fall under this rule at all. For every 100 riverside labourers in London at each year of age from twenty to twenty-four there are 122 at each year from twenty-five to thirty-four, or 45 per cent. more than the eighty-four to be expected if their age distribution followed that of the whole occupied male population. To this extent, therefore, the group of riverside labourers is recruited by the transference of men from other groups between the ages of twenty-five and thirty-five. The figures show proportionately an even greater recruiting in the next period—between thirty-five and forty-five. The age dis-

[1] "It is cruel mockery," observes the General Secretary of the Amalgamated Society of Engineers in writing of unemployment in the society, "to tell us to revert to old-fashioned apprenticeship or to improved methods of technical education as having any bearing on the question. Our unemployed members are men who have served apprenticeship and many of them are otherwise technically trained. Carpenters, shipwrights and mechanics of all sorts are standing in the market-place even in larger numbers, and are also duly trained and educated" (Amalgamated Society of Engineers, 57th Annual Report, 1907, p. xi.).

tribution of applicants to the metropolitan Distress Committees shows the same features, *viz.*, 131 men against eighty-four in the period twenty-five to thirty-four, and 119 as against sixty-six in the period thirty-five to forty-four.

CHART IV.—AGE DISTRIBUTION IN CERTAIN OCCUPATIONS.



The same point is brought out perhaps still more clearly in the above chart of Age Distribution in Certain Occupations in England and Wales. The figures corresponding to the chart are given in the following table:—

TABLE XXIV.—AGE DISTRIBUTION IN CERTAIN OCCUPATIONS.

Age and Group.	All Occupied Males.	Metals, Machines, Implements and Conveyances.	Dock and Wharf Labourers.
15-19	103	111	55
20-24	100	100	100
25-34	84	83	118
35-44	66	61	113
45-54	47	43	82
55-64	28	25	41
65-74	11	8	11

The table is to be read thus: For every 100 occupied males at

each year of age from twenty to twenty-four inclusive, there are on an average at each year of age from twenty-five to thirty-four inclusive 84 occupied males, at each year of age from thirty-five to forty-four inclusive 66 occupied males, and so on.

It will be seen that the line for all occupied males is an almost straight downward slope. That for metals, machines, etc.—a group containing a large proportion of skilled men and therefore not recruited at later ages—follows practically the same course. The line for dock and wharf labour follows a strikingly different course, indicating the residuary character of the occupation. Roughly speaking, the area included between this line and that for all occupied males—the figure A B C D—may be said to represent the recruiting of dock and wharf labour ages by men from other occupations.

These statistics, of course, only give a general reflection to familiar facts. Men of all occupations, skilled and unskilled, have casual labour as a last resource. To cut off all the sources of supply to the casual labour market it would be necessary to secure, not merely that every boy started with good prospects, but that these prospects were invariably realised; it would be necessary, not merely to teach every boy a trade, but to guarantee that every trade should be uniformly prosperous.

In the third place, the presence of casual labour in industry does not depend directly or mainly upon the unfitness of a certain number of men for other work. It depends upon the nature of the demand for men. When a dock labourer engaged on Monday is dismissed on Tuesday this does not happen as a rule because he refuses to work longer but because the job for which he was engaged is finished. It may very well be that more men are trying to live by dock labour than are necessary, even under the existing system of casual employment, and that, being there, they cause such work as comes to be yet more discontinuous than it would be without them. It might, in other words, be possible to diminish the supply of casual labourers without either stopping the industry or forcing a change in the method of employment. The fact, however, remains that every man there, so long as he ever gets any work at all, is there in response to a definite economic demand, whose intermittence makes it none the less a force to attract and retain a body of casual labour. It may be, again, indeed it is certainly the case, that many casual labourers have an incapacity or at least a disinclination for steady work; they may have started with this incapacity but far more often they have acquired it through long habituation to odd jobs. Casuals by necessity are always on the way to become casuals

by inclination. The fact remains that industrial conditions are now such as to call for large numbers of casuals by necessity. An employer who wants men for only one day will only employ them for one day whatever their assiduity.

The results of the preceding discussion may now be summed up.

The improvement of industrial training like every other increase of efficiency must raise the general level of prosperity. Its direct value as a remedy for unemployment is somewhat limited—it cannot touch the causes of industrial fluctuation or in practice prevent casual employment. Yet the emphasis laid on it springs from appreciation of a very real defect in modern industry. The decay of apprenticeship and the development of factory life have involved at once a break up of the continuity of industrial careers and an actual step backwards in regard to education. A fresh point of stress—the point of passage from unskilled boys' work to men's work at eighteen or twenty—has been set up; from this, as from other points of stress, there is a constant discharge into the pool of casual labour. A time of life formerly directed to learning has become one of ordinary wage-earning; boys and girls attain independence and freedom from discipline before they are fit for it; employers lack their former responsibilities. There is neededbeyond question to-day a revival, not indeed of apprenticeship, but of the principle underlying apprenticeship—that no youthful worker should be regarded merely as cheap labour, that every youthful worker while being employed should also be undergoing preparation for a future career. The disregard of this principle, though it does not create casual employment, undoubtedly facilitates it by helping to swell the supply of unskilled labour. The practical application of this principle is one of the tasks of the future.

The topics discussed in the present chapter are somewhat various. They are, however, clearly related. They show how in different ways part of the apparent labour supply may come to be unsuited to the demand. They all represent points or causes of stress or transition from which men are recruited for unskilled and casual employment. Their common feature is loss or lack of industrial qualifications. Men may come to lose their former qualifications through an objective change in the methods of production. Men may gradually lose their former qualifications through the subjective change brought by advancing years. Men may from the beginning lack industrial qualifications through deficiencies of industrial training. There is thus opened a wide

field for maladjustment of quality between supply and demand. The narrowing of that field must depend mainly upon the possibility of spreading more accurate information as to the character of the demand from time to time, and of securing the mobility and adaptability of the supply.

CHAPTER VII.

THE PERSONAL FACTOR.

Defects of character and the volume of unemployment. The vagrant and "unemployable". The half-employable. All instability of character increases unemployment.

Defects of character and the incidence of unemployment. Unequal efficiency of workmen. The less efficient are dismissed and thereby further demoralised. Concentration of unemployment upon the inferior men illustrated by (*a*) costliness of relief works, (*b*) proportions of unpunctuality in good and bad times, (*c*) statistics of unemployed claims in trade unions. The casual fringe among compositors and bookbinders. Influence of personal character upon the incidence of unemployment a dominant fact of the situation.

The unemployed present as a rule many economic and personal factors in combination. The limbo of casual labour. The main visible effect of exceptional depression is to accentuate normal poverty—making more casual those who were casual before. Trade union statistics. Numbers unemployed and average period of unemployment in good and bad years respectively. Complication of many factors impedes direct treatment of the unemployed.

THE present inquiry began by an analysis of factors in unemployment lying outside the character and beyond the control of individuals. The casual labourer engaged on Monday is dismissed on Tuesday, not because he refuses to work longer, but because the work for which he was engaged is at an end. The percentage of unemployed carpenters rises from two in August to six in December, not because 4 per cent. of the men have become unfit or unwilling to work, but because winter is a bad time for building. When two handicraftsmen are replaced by one man at a machine the change is not in themselves but in economic conditions. In discussing these factors the problem of unemployment could be approached mainly, if by no means exclusively, from the side of demand for labour. The nature of the supply could be touched on lightly or taken for granted. The last chapter, however, already witnessed a departure from this first position. The discussion of changes of industrial structure was widened into a discussion of all the principal ways in which men might come to lose or lack industrial quality. There was involved in this some examination of the supply of labour and of the relevance of certain characteristics in it to the problem of unemployment. The discussion, however, was general; the characteristics ex-

amined were of a broad, impersonal character—such as the progressive loss of adaptability through advancing years, or the possible shortage of skilled men through deficiencies of industrial training. It is, however, clearly necessary to take also a more individual view—to analyse, in a word, the influence of the personal factor. To what extent do personal excellences—industry, ability, initiative—prevent unemployment? To what extent and under what circumstances can personal deficiencies—weaknesess of body or will or intellect—be regarded as its causes?

There are here two distinct questions. It may happen, indeed it constantly does happen, that economic conditions determine that a certain number of men shall be dismissed, while personal considerations determine which individuals shall be selected for dismissal. Under identical circumstances, therefore, the question whether unemployment is due to personal defects may be answered in opposite senses according to the point of view of the questioner. The fact that a man is inclined to be lazy or insubordinate or irregular may be the cause why he rather than another is unemployed, though it is in no sense the cause of there being unemployment. So the fact that a workman has been well trained may cause an employer to prefer him to others and prevent his being unemployed, without in the least affecting the total numbers for whom there is no demand. In considering the influence of the personal factor, the two questions, as to the volume and the incidence of unemployment, must always be carefully distinguished.

Defects of Character and the Volume of Unemployment.

There are, no doubt, a certain number of men who, though apparently able-bodied, form no part of the industrial world and do not wish to do so. They swell the volume of idleness in a country but hardly in a strict sense that of unemployment; they cannot appropriately be described as men out of work because they are never in work. They are the social parasites most prominently represented by the habitual criminal and the habitual vagrant. Each of these is in truth as definitely diseased as are the inmates of hospitals, asylums and infirmaries, and should be classed with them. Just as some suffer from distorted bodies and others from distorted intellects, so these suffer from a distortion of judgment, an abnormal estimate of values, which makes them, unlike the vast majority of their fellows, prefer the pains of being a criminal or a vagrant to the pains of being a workman.

It is beside the point for the moment to inquire whether this moral disease is inborn or acquired, and whether it is curable or incurable. Very possibly if it were made easier for men once branded as criminals to get back to a reputable life or for those once habituated to idleness to acquire the opposite habits of energy and regularity, a certain number of cures might be effected; that is to say, the distorted judgment might be corrected and men produced who would not willingly prefer crime or idleness to industry. It is sufficient to say that at present this is not done; cures are not effected. There is a definite though small class of men always in and out of prison. There is a definite though not very large class of men always in and out of the workhouses, shelters, and casual wards. These are "unemployable" in the full sense of the word.

The men who are completely parasitic and never work at all might logically be excluded from consideration here altogether. Practically they cannot be excluded, for they shade off gradually into those who work occasionally but either cannot or will not retain regular employment. Men are, of course, often dismissed from situations or leave situations, not because the demand for labour has changed or fallen, but because they are unfit or unwilling to remain. This may happen at times to almost any man. There is, beyond doubt, a fluctuating class of men to whom it happens constantly or repeatedly, a class of men getting work from time to time but normally leaving it after a shorter or longer period as a direct consequence of inefficiency, idleness or the like. These are men on the downward grade through drink or dishonesty. These are the men who are always being "weeded out" on building jobs. They get turned off, not because the demand has changed, but because they do not satisfy the demand; they go and their place is taken by another. Their case is quite different from that to be discussed later, where in a slack season the relative inefficiency of certain men decides that they and not others shall go, but where in any case some one has to go and, having gone, leaves no place to be taken by new-comers. There the influence of personality is selective; here it is primary. The men are not fit to meet a demand for regular labour. They are in this limited sense "unemployable".

The popular term "unemployable," used to describe alike these hangers-on to the fringe of industry and the vagrants who are permanently outside industry, has, indeed, no precise meaning. Whether a man is employable or not depends strictly upon the work which has to be done. The best carpenter in the world is unemployable as a compositor. Even if differences of technical

skill be disregarded and attention paid only to general character and ability to do unskilled work, it is difficult to attach any scientific interpretation to the word "unemployable". The fixed distinctions suggested by it between "can works" and "can't works" or between "will works" and "won't works" are in reality fluid and indefinite. A man whom it does not pay to employ in one industrial grouping may be fully worth his wages in another. The aged or lazy or stupid John Smith may be useless by himself or with nine others like himself. He may be invaluable as the tenth man of a gang which would otherwise stand idle and in which he is kept up to the mark by the example or public opinion of those around him. Again, a man able and willing to work hard for a few hours or days or even weeks may be physically or morally incapable of working with sufficient regularity to earn a reasonable living. He will thus be employable from one point of view, but unemployable from another, according to the period of time taken into consideration. Finally, a man who will not work under some conditions may be perfectly ready to do so under others, or, from the other side, an employer may welcome at one time the sort of man whom he would not consider for a moment at another time. The decision of the workman to work or not depends to some extent upon what happens to those who do not work; the less tolerable the lot of the idler, the greater the incentive to industry. The decision of the employer that a particular man is or is not worth employing depends upon the chance of getting a better man in his place; his standard will rise and fall with the fluctuations of the labour market. It is, therefore, quite impossible to make hard and fast distinctions, or to segregate a definite class of the unemployable. Not only is the line between this class and the rest of the community very hard to define even in theory; in practice men shift from one side of the line to the other and the line itself shifts according to the point of view of the observer.

From the present standpoint, however, the difficulty of definition is not a matter of any consequence. The obvious defects of industrial character—laziness, dishonesty, intemperance, irregularity, stupidity—produce their effects on the body politic whether or not they are sufficiently marked in any one individual to entitle him to the name of unemployable. So, too, do the less obvious—or, as they might almost be called, the technical defects—lack of enterprise and lack of adaptability—which limit men to one mode of life and unfit them to follow the constant changes of the demand. Everything that involves unnecessary change of situations may involve unnecessary leakage of time between one situation and the next. Everything that makes the

labour supply unstable strengthens the influence of chance in the competition for employment and thus spreads work over a larger fringe of casual men. Everything that narrows men's scope—to one branch of a trade or to one district—makes industrial transitions less tolerable.

The volume of unemployment, or at least that of idleness, is thus appreciably increased by defects of character in part of the population. There are, first, at the bottom of society certain purely parasitic types—criminals and vagrants who have learnt to live without work and whose lot is practically unaffected by industrial changes. The Departmental Committee on Vagrancy which reported in 1906 put the permanent vagrant class—the men who live always in casual wards, shelters or the open, the tramps who may be professedly in search of work but have certainly no desire to find it—at from twenty to thirty thousand for the whole country.[1] Second, there are men willing to work every now and again but unfit or unwilling to work continuously. They are men who, if they get a permanent situation, fail to keep it and who drift naturally into the position of not looking for permanent situations at all. They are, for the most part, on the way to join the purely parasitic class just beneath them ; they are constantly being recruited from all the grades of industry above them. "Under present conditions," says the Vagrancy Committee, "the casual workman who takes to the road is almost certain sooner or later to join the ranks of habitual vagrancy."[2] While he remains, however, attached to industry, even in the least degree, he is affected by industrial fluctuations. Trade depression, just as it increases the volume of crime, increases also the volume of vagrancy. Along both lines of failure it sends amateurs to reinforce the professionals and probably in time to become professionals themselves.[3] Third, there are, in all classes of men, common faults and occasional self-indulgences which, whether pronounced or slight in the individual, do each and all in their degree increase economic waste and unemployment. This merely amounts to saying that from an industrial point of view human nature is not yet perfect.

If, therefore, certain degenerate human types could be abolished, and if the common level of human nature—in respect of assiduity, sobriety, adaptability and all the other virtues—could be raised the volume of idleness, whether voluntary or involuntary, would

[1] Report, p. 22. [2] Report, p. 24.

[3] The Vagrancy Committee estimated that the number of persons with no settled home and no visible means of subsistence was in times of industrial activity less than 40,000, and in times of industrial depression would run to 70,000 or 80,000.

no doubt be diminished. To this extent it is right to urge improvement of human character as a remedy for unemployment. The limitations on this admission have, however, to be carefully noted. First, the number of the entirely unemployable class, though uncertain, is certainly not very great. Second, the most practical way of improving human character lies often in abolishing industrial or social conditions which induce or pander to the vices of idleness, slovenliness and irresponsibility. Third, no conceivable improvement in the character of the workmen will eliminate the main economic factors in unemployment.

Defects of Character and the Incidence of Unemployment.

The bearing of personal character on the incidence of unemployment raises a question far wider and more important than that just considered.

Between individual workmen, even of the same general type, there exist differences of every kind and degree. In the men of each trade is to be found every gradation of industrial value. Some differences affect the most obvious technical qualities; one man is stronger or speedier or more intellectual or more skilled than another. Others affect the less obvious qualities which make for continuance in employment—assiduity, regularity, punctuality, power of obedience and co-operation. Others affect rather the power to pass from one type of work to another, *i.e.*, adaptability. There can be no doubt either as to existence of these differences or as to their effect in determining the incidence of unemployment. "Whilst many men in almost every trade work with practically no loss of earnings, and some do so even in the most irregular and uncertain employments, others are habitual half-timers. No point has been more emphatically emphasised by the present inquiry than the unequal efficiency of the members of any industry, and the relatively disadvantageous position of the less efficient. To them, competition deals out stern justice, whatever the cause of their inefficiency may be." Thus Mr. Charles Booth summed up his experience in 1897.

The selective influence of personal character is perhaps most obvious at times of exceptional depression. As manufacturing activity diminishes employers have to reduce staff and naturally do so by dismissing those men who appear the least valuable. The form taken by the process varies, of course, greatly according to the violence of the depression and the character of the industry.

[1] *Life and Labour of the People: Industry*, vol. v., p. 280.

Sometimes it is a case rather of retaining the few who have shown themselves particularly able than of selecting for dismissal a few who are subject to grave or slight faults; men go unless they have distinguished themselves favourably as above the average. If the depression is less severe or knowledge of individual men more detailed, perhaps only these will go who have distinguished themselves unfavourably as below the average. They are the men who always come on last as trade expands and go first as it contracts. They are the men in regard to whom their former employers, after stating perhaps that they were dismissed through "slackness of trade," then add some such comment as: "a good man when he gets to work," "fond of his glass," "too slow," or "not an early riser". Employers, indeed, sometimes welcome a slack time as an "opportunity for weeding out the black sheep; any men inclined to unsteadiness or idleness, drunkenness or sedition, are then generally got rid of".[1] What is said here of exceptional trade depression holds true of normal irregularity of employment. The better workmen tend to attract the attention of employers and foremen; the worse workmen form the casual fringe, and become still further worsened by irregularity.

The last point, indeed, is one of great importance. The "stern justice" which competition deals out to the inefficient has also the effect of accentuating their inefficiency. "We have always found," said a large employer of labour, "as to the artisan, that, if he happens to be out of work for three months, he is never the same man again. He becomes demoralised."[2] That, no doubt, is an over-statement. It embodies a very important truth. The man who is continually tramping the streets in search of employment is losing quite certainly in nearly all the qualities that go to make for industrial value.

For two reasons, therefore, the unemployed at any time are likely, on the whole, to be on a lower level than their fellows. Inferiority has caused them to be selected for dismissal. Dismissal and the resulting idleness accentuate their inferiority. From the point of view of the employer "the second-rate men are the casuals taken on when wanted".[3] From the point of view of the trade union "the same men are always signing the book" for out of work pay. The considerations urged above are so clear as hardly to need confirmation by detailed evidence. They may, however, be confirmed or at least illustrated in several ways.

[1] Charles Booth, *op. cit.*, vol. v., p. 238.

[2] *Exceptional Distress*, Report of a Special Committee of the Charity Organisation Society, 1886, Evidence, Dove, 1634.

[3] This and the following quotation are given by Charles Booth, *loc. cit.*

One is the experienced costliness of relief works. Details will be given in the following chapter. Here the general statement may be made that Distress Committees almost invariably find expenditure on work provided for the unemployed greater, and sometimes far greater, than the value obtained. No doubt this is due partly to men being engaged upon work with which they are not familiar, partly to slack conditions of employment, and partly to the privations experienced by the men before being assisted. There can, however, be no doubt of the relatively low efficiency of a good part of those engaged even on familiar or nearly unskilled work.

Another is the fact recorded in the Board of Trade Memorandum on Fluctuations in Employment,[1] that loss of working time among engineers through unpunctuality in the morning is "considerably greater on the average in times of active trade than in years of depression". "This fact," it is said, "is partly attributable to the greater readiness of the workmen to lose time in years of good wages and full employment, partly to the greater prevalence of overtime in such years, but largely to the fact that the worst timekeepers are usually the first to lose their situations in times of depression."

A third illustration is to be found in the records of certain trade unions showing how many of the same individuals apply for unemployed benefit year after year.[2] Such records could, no doubt, be obtained for a good many trades. Here two only will be dealt with—compositors and bookbinders:—

In the London Society of Compositors 2,268 men or 19·8 per cent. of the total membership drew unemployed benefit during 1904. Of these, 1,671 or 74 per cent. claimed again in the following year and 1,402 or 62 per cent. in the year after. 1,261 or 10·8 per cent. of the total membership claimed in each of the three years 1904-6; and 1,006 or 8·6 per cent. in each of the four years 1904-7. Moreover, the greatest tendency to claim repeatedly was shown by those who drew the largest sums. Of the 876 men drawing less than £3 (4 weeks' unemployed pay) in 1904, 498 or 57 per cent. claimed again in 1905; in the 968 who drew £6 (8½ weeks) or more the proportion claiming again was nearly 88 per cent. The same point is put in another way by saying that about seven-eighths of the total payments in 1904 (£14,000 out of £16,000) went to men who had to claim again in 1905.

[1] *British and Foreign Trade*, Second Series, p. 100.

[2] The facts here given differ from those in Chapter V. ("The Reserve of Labour") in that they involve tracing individuals from one year to the next. In the earlier chapter each year was treated by itself as a separate unit.

Peculiar interest attaches to the 1,006 men who claimed relief in every one of the four years from 1904 to 1907. These men, being in need of out of work pay year after year, may fairly be regarded as the casual fringe. They form in each year something less than half (40 to 44 per cent.) of the total number of unemployed claimants, but account for something more than half (54 to 59 per cent.) of the total sum claimed. During the four years taken together they cost the society over £40,000. In other words, more than 56 per cent. of the total of £71,000 expended on unemployment in these four years was taken by men forming less than 9 per cent. of the average membership.

These figures, no doubt, owe something of their striking character to the presence of a small but appreciable body of men who are to all intents and purposes chronically unemployed and draw full or nearly full benefits each year. Of the eighty-one men who drew within 2s. 6d. of the maximum benefit allowed in 1905 (£26 12s. for 38 weeks out of 52), fifty-eight drew the maximum also in one or more of the years 1903, 1904, 1906, 1907; and another seventeen drew £18 at least (26 weeks' unemployment out of 52). Every one of the remaining six drew substantial though smaller sums. Of the fifty-eight men, twenty-one drew the maximum in two years out of the five with, in every case but one, sums over £18 in one at least of the other years; twenty-five drew the maximum in each of three years; seven in each of four years; and five in all the five years under consideration. Every one of the five received in addition non-provident benefits—special grants from funds raised by voluntary subscription—ranging from £4 to over £14. The aggregate cost of these five men to the society during five years has been £667, or at the rate of over 10s. 6d. a week each for the whole period. The aggregate cost of the eighty-one men in the five years, excluding non-provident benefits, has been over £7,500. Facts such as these indicate a small group of men in regard to whom the function of unemployed benefit is rather to keep them out of the market altogether, lest they cut the rate of wages, than to tide over slack seasons.

In this respect the exceptionally liberal benefits afforded by the London Society of Compositors perhaps make its position peculiar. In respect of the more important fact—the much broader fringe of casual workmen who really do get work at times but who do not get it regularly—its experience agrees substantially with that of the other union for which the analysis has been made, namely, the London Consolidated Society of Journeymen Bookbinders. Here, 572 members out of a total of

1,342 signed for out of work pay in 1903. Of these 572, 377 or 65 per cent. signed also in 1904; 279 or 45 per cent. in 1905; 298 or 52 per cent. in 1906. One hundred and sixty men signed in every one of the four years, for an aggregate of 4,419 weeks out of 12,448 for the whole society. The casual fringe appearing here is about 12 per cent. of the average membership for the four years and accounts for nearly 36 per cent. of the recorded unemployment.

In these two cases, therefore, statistical analysis strikingly confirms the generalisations already made and shows the fringe of casual workmen in actual being. There can be little doubt that other unions in other trades would, through considerable varieties of detail, present the same general phenomenon. It is not urged, indeed, that the selective influence of personal character is always appreciable. The analysis made above, while it shows the casual fringe of men applying for benefit year after year, shows also a large proportion of applications which are not repeated. The best and most regular of workmen may in a changing world find himself exceptionally unemployed. New methods and new machines often render whole classes of labour useless. Depression of trade may involve a particular firm, not in reduction of staff, but in absolute bankruptcy. In either case good, bad and indifferent alike are thrown upon the market. Indeed, the disaster is often the more complete in such cases in proportion as the previous employment has been regular. The longer and more continuously a man has been in one employment the less able is he to find his way into a new occupation. He has no experience in looking for work. He lacks the art of living casually.[1]

After all allowance has been made for special cases, the selective influence of personal character stands out as one of the dominant facts of the situation. Every employer, where he has the choice, dismisses the less satisfactory workmen and keeps the more satisfactory. In every organised trade the more regular and more efficient men have to pay for the less efficient and less regular. Almost inevitably, again, irregularity of employment reacts upon the man and accentuates the weaknesses with which he started. The net result is that the unemployed at any time, though they may include men of every grade, are as a whole below the general level in the qualities that make for

[1] Even here, however, personal character may from one point of view be regarded as retaining its selective force. It determines, not perhaps the first incidence of unemployment, but its continuance. After a disaster the man of resource and adaptability may find a new opening where the man of more limited range goes under altogether.

industrial efficiency. The bulk of them are in no sense unemployable. They are equally removed from being the picked men of their trades. They are not useless or vicious. They are simply, taken in the mass, less competent, less industrious, less temperate or less regular than their fellows who have retained employment.

The Unemployed.

The discussion has now been carried to a point at which it is desirable to review all that has gone before. In the first chapter the problem of unemployment was broken up into many component factors. In the following chapters these factors have been treated successively and, so far as possible, in isolation from the rest. Without such analysis no understanding of the problem can be reached and no final remedies can be suggested. In the world of practice, however, the problem is not presented in this form. The different factors are found there, not in isolation, but together; unemployment in each concrete individual case is, as a rule, the product of many and infinitely various forces, some economic, some personal; some transient, some persistent; some superficial, some deeply rooted in the social fabric or in human nature. The description of the problem, therefore, is not complete till something has been done to show the various factors, not in isolation, but in action and reaction, and to picture for a moment, not the causes of unemployment, but the unemployed men themselves.

All along the base of industry there lies now a region of casual labour—a limbo between sufficiency and destitution. Into this men are falling every moment through every form of human weakness and misfortune, from every point of stress and transition in the working world above. From it some few may escape or be drawn upwards again. More fall swiftly further into vagrancy and crime. Most struggle on in it indefinitely, living by odd jobs, decaying surely in physique and character. They form the class B of Mr. Charles Booth's analysis—the class of the very poor living from hand to mouth on casual earnings—a class estimated by him at 7·5 per cent. of all the London population. "The labourers" of this class "do not, on an average, get as much as three days' work a week, but it is doubtful if any of them could or would work full time for long together if they had the opportunity." The families of this class are "at all times more or less in want"; their "whole income is absorbed by necessary expenditure". "It is only by evading the payment of rent, or going short of food, that clothes or household things can

be bought."[1] Of this class or a part of it Mr. Booth wrote again in his final volume: "Humanly speaking, therefore, the existence of this class, consisting so largely of the inefficient and the worthless, may be inevitable, but economically their services are not wanted at all. The work of the world could be performed better and more cheaply without them; what they do could be easily done by the classes above them in their now partly occupied time; and the money earned be better spent."[2]

This may be true. Yet since, as matters stand, these men do at times get work, they must be regarded as meeting some demand. Their removal would leave a place to be filled; their poverty is to be explained, not by their character alone, but by that and their environment together. In these lowest types, no doubt, personal inefficiency appears to be the dominant cause of distress; the men would be unfit for anything else; the demand for casual labour simply gives their weakness an opportunity. Yet often this weakness has itself been induced or fostered by casual employment, and, in any case, the lower types shade off imperceptibly into the higher ones—class B into class C—the poor through intermittence of earnings—and this into the fairly comfortable class above. Here it is the demand for casual labour that appears as the dominant factor; casual work is not so much chosen as tolerated unwillingly. Yet here again it is insufficient to look at one factor alone. Unless men were willing to take casual employment, the demand would remain ineffective. Whichever, therefore, of the two factors appears dominant each is present to some extent in every grade. The casual workman of every grade is the resultant of demand and supply—of the need of employers for casual labour and of the readiness of men to meet that need. Employers want men only irregularly; men have not learnt to fight against irregularity of earning as they have learnt to fight against low rates of pay; as a consequence they submit to a sweating by under-employment far worse than the more familiar sweating by under-payment. These are the two sides of the problem of normal poverty which is being forced on public attention in the shape of a problem of unemployment.

At times poverty becomes worse than normal. The balance of casual demand and under-employed supply is disturbed by exceptional trade depression. Yet even there it is the standing conditions of the labour market that shape the results. The existence of casual employment means that trade depression can

[1] *Life and Labour of the People: Poverty*, vol. i., ch. ii. and v. and vol. ii., ch. ii.
[2] *Life and Labour of the People: Notes on Social Influences and Conclusions*, p. 207.

and does show itself to some extent, not in the dismissal of regular men, but in the lengthening of the average loss of time by the irregular man. On this point the experience of some of the principal trade unions is instructive.

The table given on p. 73 shows for certain branches of the Amalgamated Society of Engineers the distribution of unemployment between individuals in each year from 1887 to 1895. It is, possible therefore, to compare good times with bad, years of depression with years of prosperity. 1890 is a good year with an average unemployed percentage of 2·1 and a loss of working days per member of 6·4; 1893 is a bad year with an unemployed percentage and a loss of working days per member of nearly five times as much. Yet only a very small part of this difference is accounted for by an increase in the numbers becoming unemployed at some time or other; the percentages for the two years are 21·4 and 26·4 respectively. The great difference is in the average amount of time lost by each of those who did become unemployed. In 1890 this was 30·1 days; in 1893 it was nearly four times as great, *viz.*, 117·8 days. Here is a very striking instance of a trade depression marked not so much by an increase in the proportions of irregular to regular workmen, as by increased loss of time within the irregular margin.[1]

In other unions this characteristic is less marked yet never absent. In the London Society of Compositors, for instance, the average unemployed percentage rose from 3·0 in 1898 to 5·1 in 1902, an increase of 70 per cent. But the percentage of individuals drawing unemployed benefit at some time during the year rose from 18·0 to 22·3, an increase of only 24 per cent. While the average time lost by each of those drawing benefit in 1898 was 52 days, the average time lost by each of those drawing benefit in 1902 was, on the same basis, 71 days. In the Associated Blacksmiths Society of Scotland, during the good year of 1899, 14·5 per cent. only of the members drew on an average 4·4 weeks of unemployed benefit. During the bad year of 1903 the proportion of members drawing benefit was much greater, 26·7 per cent., but so also was the average number of weeks' benefit drawn by each, *viz.*, 6·7. In the Amalgamated Union of Millsawyers and Wood Cutting Machinists the average unemployed percentage in 1900 was 2·1, the percentage of members drawing benefit was 21·2, and the resulting average amount of unemployment per member drawing was 5·1 weeks. For 1904 the average unemployed percentage was 5·6, the percentage

[1] These are the years of maximum and minimum unemployment in the table. Comparison of other years gives somewhat different results.

of members drawing benefit was 32·7, and the resulting average amount of unemployment per member drawing was 8·6 weeks.

In the table on the next page these facts are set out in a slightly different form. The attempt is made to estimate in a few typical cases what proportions of the increase of unemployment in a time of depression may be attributed respectively to an increase in the number of men becoming unemployed, to an increase in the average period of unemployment, and to both these factors in combination.

The table, it will be seen, shows great variation in the different cases. In every case, however, increase of the average claim to benefit has a considerable share, and in some cases a principal share, ranging up to 82 per cent., in the increase of aggregate unemployment.

Exceptional depression as experienced by trade unions means partly that a certain number of men lose their regular employment, partly that irregular men become still more irregular. The experience of Distress Committees is the same, but with enormously heightened emphasis on the second effect. The man at the bottom of the industrial scale appears there as the principal sufferer, not only because he is in fact often the hardest hit—employers dispense with their casual staff before they part with their regular men—but also because he has a smaller reserve for emergencies. At the first pinch he passes from want to destitution.

The central fact of the situation is the maintenance, as an integral part of industry, of a body of men constantly passing into and out of employment, of a reserve as well as a regular army of labour. It is this that sets up the permanent conditions upon which and within which all the other factors have to work, that obscures their results and makes their direct treatment difficult or impossible. The man displaced from his former position by changes of industrial structure or by advancing years finds in casual employment a resource from immediate want—of a kind that paves the way to chronic poverty. The youth ill-trained, the man displaced through personal fault or inefficiency and the sturdy loafer find in casual employment a livelihood—of a kind that perpetuates and accentuates their various weaknesses. The problem presented by these factors is therefore made indefinite instead of definite; a poor resource stands in the way of effective treatment. Still more marked is the significance of casual employment in making indefinite the effects of cyclical depression, in giving them the shape of a slight worsening of chronic distress rather than that of a displacement of men hitherto in good positions.

TABLE XXV.—EXCEPTIONAL DEPRESSION IN TRADE UNIONS.[1]

Trade Union and Years compared.	Basis of Comparison.	Percentage of Increase of Unemployment represented by		
		Increase of Unemployed Claimants alone.	Increase of Average Claim alone.	More Claimants at Increased Average.
Associated Blacksmiths—				
1889, Good } 1893, Bad }	Weeks of Benefit drawn.	28	17	55
1899, Good } 1904, Bad }	Do.	45	27	28
Associated Shipwrights—				
1890, Good } 1893, Bad }	Amount drawn.	17	17	66
1899, Good } 1904, Bad }	Do.	27	13	60
Amalgamated Millsawyers—				
1900, Good } 1904, Bad }	Do.	28	47	25
Amalgamated Cabinetmakers—				
1902, Good } 1904, Bad }	Do.	12	82	6
London Compositors—				
1890, Good } 1894, Bad }	Weeks of Unemployment, calculated from Unemployed Percentage.	35	43	22
1898, Good } 1904, Bad }	Do.	26	61	13
Amalgamated Society of Engineers (Selected Districts)—				
1890, Good } 1893, Bad }	Days of Unemployment.	6	76	18

In every case allowance has been made for changes in the total membership between the years of comparison.

[1] The construction of this table may be illustrated by the following instance. In 1899 507 out of 7,644 members of the Associated Shipwrights drew £417 of benefits, or £·8 per man. In 1904 4,163 out of 11,125 drew £10,591. On the basis of the 1899 membership this would have meant 2,860 men out of 7,644 drawing £7,277, or £2·55 per man. The difference between 2,860 and 507 = 2,353 multiplied by £·8 is taken as the increase of payments due to increase of claimants alone. This = £1,882, or 27 per cent. of £6,860, the difference between £7.277 and £417. The difference between £2·55 and £·8 = £1·75 multiplied by 507 is taken as the increase of payments due to increased claims alone. This is £887, or 13 per cent. of £6,860. The remaining 60 per cent. goes in the last column as due to both factors in combination.

"The unemployed," then, as they present themselves for public sympathy and instant aid, as they figure in the records of Distress Committees, are predominantly men whose earnings from being intermittent have been made casual, or from being casual have dropped to nothing at all. Other types, of course, are not wanting. There are the men of higher position who have been peculiarly unfortunate or peculiarly improvident. There are the men of lower position who make harvest in a season of aroused philanthropy. The great bulk of the distressed unemployed came from neither one end of the scale nor the other; neither from A—the class of loafers and criminals—nor from D and E—the regular labourers and comfortable artisans—but from B and C, who lie between. In class B—the very poor of casual earnings—"the whole income is absorbed by necessary expenditure" and yields no reserve whatever for emergencies. Class C—the poor of intermittent earnings—"are, more than any others the victims of competition, and on them falls with peculiar severity the weight of recurrent depressions of trade".[1] "The unemployed," therefore, present almost always a combination of two distinct economic factors in poverty—under-employment and fluctuation of industrial activity. They present also, with almost as great certainty, the personal factor—the selection of men for dismissal or casual employment according to deficiencies of ability or character or training, and the further weakening of men by irregularity and want. In this complication and interaction of many factors, industrial and personal, chronic and temporary, lies the difficulty of all direct dealing with "the unemployed". To expect from them the normal standard of efficiency and industry is only too often to be disappointed. To equalise their position to that of the employed is to run the risk of demoralising the people by taking from inefficiency its punishment and from assiduity its reward. To give them relief work on conditions as attractive as their ordinary life is to leave them with no incentive to return to independence, yet their ordinary life is such that the relief can hardly in practice be made less attractive without being made inadequate or degrading. To give them temporary work in times of exceptional depression is to throw them back upon chronic poverty at its close; it is like saving men from drowning in order to leave them on a quicksand. This, indeed, sums up the problem. A great body of workmen to-day are men living on a quicksand, which at any moment may engulf individuals, which at uncertain intervals sinks for months or years below the sea surface altogether. Many of them, no doubt, become used to

[1] Booth, *loc. cit.*

their place of habitation; they have learnt its ways and continually escape destruction; they might be unfit for any other life; they have come there, perhaps, not by disaster, but by their own weakness. Yet while this quicksand and its movements are part of industry, society cannot escape some responsibility for those who live there; cannot treat as criminals those whose industrial services are there required; cannot end the evil by rescuing individuals.

CHAPTER VIII.

REMEDIES OF THE PAST.

1. The able-bodied under the Poor Law. Relief in the workhouse. Relief of family outside and head of family inside the workhouse. Outdoor relief with a labour test. Outdoor relief without a labour test. The casual ward.
2. Municipal relief works. The circulars of 1886 and 1892. "Work" with no standard of competence.
3. Special charitable funds. Development in London 1860, 1867, 1885, 1892-5. The "colony system" of 1903-4. Mr. Long's scheme of joint committees, 1904-5.
4. The Unemployed Workmen Act. Summary of provisions. A conglomerate of ideas from Poor Law, municipal relief work and special charitable funds. Working of Act 1905-8. Numbers and occupations of applicants. Difficulties of investigation and selection. The predominant casual labourer. Cost of relief work. Absence of permanent benefit. Farm colonies. Emigration. Labour Exchanges.
5. Conclusions as to Unemployed Workmen Act. Departures from original policy in respect of finance, persons to be assisted, conditions of assistance, effect of assistance. Failure to deal with exceptional distress. Assumed advantages of relief by work rather than by money gifts unreal. Need for improved industrial conditions. A country cannot treat its dependents less badly than its citizens. Need for measures of organisation not of relief.

UNEMPLOYMENT in the past has been treated by many different agencies—public and private. To write the history of them all would probably be impossible and in this place certainly unprofitable. Some account of the principal agencies, however, will have far more than a merely historic value, for it will illustrate all the main difficulties that arise and all the principles that need discussion. With this in view it will be worth while to deal shortly with the action of the Poor Law, the municipal authorities and Special Relief Funds, and then more at length with the principles and administration of the Unemployed Workmen Act.

THE ABLE-BODIED UNDER THE POOR LAW.

From the point of view of the Poor Law the unemployed are the able-bodied, and the central principle of their treatment is that their situation "on the whole shall not be made really or apparently as eligible as the situation of the independent labourer of the lowest class". From this principle flows the general prohibition of outdoor relief, at least to the male able-bodied, except

subject to the performance of a task of work. From this, amongst other reasons, follows the disfranchisement of those accepting public assistance. In effect the treatment of the unemployed by Poor Law guardians may take one or other of the five following forms:—[1]

1. Relief in the workhouse. This, the most "deterrent form of assistance," is not commonly accepted, as it is not intended to be accepted, by even moderately respectable families unless they are literally destitute. It is criticised, therefore, as involving extreme suffering and perhaps permanent demoralisation in the effort to hold out, and also because in breaking up the home it destroys a social asset of great value. The offer of the workhouse has almost always been considered too hard a measure to mete out to the respectable unemployed in periods of exceptional distress.

2. Relief of the family outside the workhouse on condition of entry of the head of the family into the workhouse. This plan—that of the modified workhouse test—was originally applied in the Whitechapel Union by co-operation with the Charity Organisation Society, the latter undertaking in suitable cases to maintain out of voluntary subscriptions the homes and families of men admitted to the workhouse. Later a special order sanctioning the plan, and enabling the guardians themselves to give relief to the family, was obtained from the Local Government Board by the Whitechapel Board of Guardians and one or two others, but was only very sparingly used. Recently the order has been applied a little more freely. Its great advantage is that while maintaining a stringent test of destitution it avoids the breaking up of homes; it leaves the man when he emerges from the workhouse somewhere to go to other than a common lodging house or a casual ward. The disadvantage is that the unemployed man himself is still as much exposed as under the ordinary plan to degradation by evil associations and to loss of self-respect; he is also, while in the workhouse, quite cut off from the chance of seeking employment. The principle underlying this plan—that of an institu-

[1] Boards of Guardians have also power to buy or rent land to the extent of fifty acres "within or near" their union in order to set the poor to work upon it. This power originated in the Act of 1601 (43 Eliz. c. 2, § 1) which directed the overseers to provide work for children whose parents were unable to support them and "persons who use no ordinary or daily trade of life to get their living by". In 1819 (59 Geo. III. c. 12) the overseers were empowered to acquire for the purposes of the Act of 1601, not more than twenty acres of land in or near their parish, and in 1830 (1 and 2 Will. IV. c. 42) the maximum area was raised to fifty acres. These Acts were not taken advantage of under the reformed Poor Law, but in 1895 the law officers of the Crown gave the opinion that the powers had passed to the Boards of Guardians and might be exercised under the control of the Local Government Board.

tional test for the head of the family as a condition of relief to the family itself—is, however, of the greatest importance in the recent treatment of the unemployed.

3. Outdoor relief subject to the performance of a labour test. By Article 6 of the Outdoor Relief Regulation Order[1] of 1852, "Every able-bodied male person, if relieved out of the workhouse, shall be set to work by the guardians, and be kept employed under their direction and superintendence so long as he continues to receive relief". "One-half at least of the relief so allowed shall be given in articles of food or fuel, or in other articles of absolute necessity" (Art. 1). The actual amount of the relief appears to be within the discretion of the guardians. The fact of giving such relief, together with the place or places at which the men are set to work, the sort, times and mode of work, and the provision made for superintendence, must however be reported within thirty days to the Local Government Board, and the guardians "shall forthwith discontinue or alter the same if the Board shall so require" (Art. 8). These regulations have generally materialised at times of assumed exceptional distress in the opening of labour yards for the employment of men in stone-breaking, oakum-picking or wood-chopping. This plan is not open to the objection that it breaks up the home, and it is not so deterrent as to drive men to starve rather than to apply. Its defects lie rather in the other direction, that men of a low grade will readily apply for it rather than seek ordinary employment, and, having obtained it, will be still further demoralised by engagement upon work in which industry is at a discount. The winter of 1894-5 was distinguished by a good many disastrous experiments with stone yards,[2] and furnished the Select Committee of the House of Commons with many criticisms. "Further

[1] This is the order in force in London and most large towns. Agricultural districts and the smaller towns are for the most part subject to the Outdoor Relief Prohibitory Order of 1844 which forbids all outdoor relief of the able-bodied, whether male or female, except widows having dependent children or in the first six months of their widowhood. This order, however, may be, and at the request of the guardians on cause shown, normally is, supplemented by the issue of an Outdoor Labour Test Order, practically assimilating the position in respect of able-bodied males to that in London and the large towns.

[2] The most striking of these was at St. Olave's (Southwark). The stoneyard was opened from 7th January to 28th March, 1895, the relief given being "at the rate of trades union wages," *i.e.*, 6d. per hour for seven hours, part in money, part in kind. As many as 1,759 men were set to work in one day and the average throughout the period was nearly 900, the numbers showing an unmistakable tendency to drop every Monday and Tuesday, but comparatively little tendency to drop with the disappearance of the frost and the revival of trade. The cost per ton of stone broken was £7, the market price of this amount being 12s. The effect of the test was later described by the chairman of the board as very demoralising and calculated rather to increase pauperism than to diminish it.

objection to the stone-breaking test is to the effect that it is more eligible than an offer of admittance to the workhouse, and that it is attractive to the least deserving. Moreover, where the employment of applicants is only partial the test may partake of the character of relief in aid of wages, unless careful inquiry as to the proceedings of such persons in their off days is from time to time instituted. . . . Perhaps, however, the principal objection to the stone-breaking test is the premium on idleness that it involves. No specified task can be enforced. The capability of the persons employed varies and it can only be required that each person shall perform the amount of work that he appears to be able to accomplish. . . . The standard of accomplishment is practically fixed by the unwilling worker." "Your Committee are of opinion that the casual and deserving poor suffer by being brought into contact with the loafing class in the stoneyard."[1] Though these objections are made to refer expressly to stoneyards it is clear that they apply with much the same force to all the other forms of outdoor labour test available, unless the test is reinforced by careful investigation and selection among the applicants or is stiffened by a quite extraordinary amount of supervision.

4. Outdoor relief without a labour test in cases of "sudden and urgent necessity". This is one of the exceptions permitted by the Outdoor Relief Regulation Order[2] (Art. 7). Another is made by Article 10 allowing the guardians "upon consideration of the special circumstances of any particular case" to depart from the regulations contained in the rest of the order, reporting such departure and the grounds of it within twenty-one days to the Local Government Board, which has thereupon power either to approve or disapprove of the continuance of this departure from the established rule. Each of these exceptions has in its time been used to nullify altogether the prohibition of outdoor relief without a labour test to the able-bodied. In 1895, for instance, the St. Olave's Board of Guardians passed a resolution that "every application should be deemed to be one of sudden and urgent necessity," and in the winter of 1904-5 the Poplar Board of Guardians gave immediate outdoor relief without a labour test in practically all cases of distress, relying at first

[1] *Distress from Want of Employment* (1896).

[2] In the General Consolidated Order of 1847 the words used with regard to the duties of relieving officer to give immediate assistance are "sudden *or* urgent" not "sudden *and* urgent". The difference is of course very considerable and has been in fact the subject of much controversy between the central and local poor law authorities, since the wording of the 1847 order appears to justify the continuous assistance, by outdoor relief on the ground of "urgency," of men in a state of chronic distress.

upon Article 10 but subsequently upon the General Consolidated Order of 1847.

5. Relief in the casual ward. This is the provision made by the Poor Law for the destitute wayfarer irrespective of his place of residence. Bare board and lodging may be obtained subject to performance of a task of work and to detention for an additional night. Repeated application to the same casual ward within one month is penalised by detention for four nights. The principal function of the casual ward system to-day is to provide an infinite variety of free hotels for an army of habitual vagrants whom it neither repels nor reforms nor keeps from want. Its secondary function is to act as a trap to catch the decent unemployed and turn them by evil association into the unemployable. Fortunately its operation in this last direction is limited; genuine workmen in search of employment form a very small proportion of those who visit the casual wards—according to the Association of Workhouse Masters not more than 3 per cent. Detailed criticisms of the casual ward system and suggestions for its reform are to be found in the Report of the Departmental Committee on Vagrancy, of which a summary is given in Appendix C.[1]

Municipal Relief Works.

At all times of considerable distress through want of employment men have been apt to turn to the nearest local authority and expect it to provide work. During the depression of 1886, this expectation received a fresh impulse through the action of the Local Government Board. In a circular calling attention to the evidence of "much and increased privation . . . in the ranks of those who do not ordinarily seek parish relief," the Board recommended that "in districts in which exceptional distress prevailed . . . the guardians should confer with the local authorities, and endeavour to arrange with the latter for the execution of works on which unskilled labour may be immediately employed".

The object of this recommendation was to avoid any relaxation of the ordinary Poor Law. The requirements of the respectable unemployed were summarised as follows:—

"1. Work which shall not involve the stigma of pauperism.

"2. Work which all can perform whatever may have been their previous avocations.

[1] P. 267 *seq.*; *cf.* also *The Homeless Poor of London*, Report of a Special Committee of the Charity Organisation Society, 1891, and *Toynbee Record*, February, March and July, 1905.

"3. Work which does not compete with that of other labourers at present in employment.

"Lastly, work which is not likely to interfere with the resumption of regular employment in their own trades by those who seek it."

The types of work suggested as meeting these requirements included spade husbandry on sewage farms; laying out of open spaces, recreation grounds, new cemeteries, or disused burial grounds; cleansing of streets not usually undertaken by local authorities; laying out and paving of new streets, etc.; paving of unpaved streets and making of footpaths in country roads; and providing or extending sewerage works and works of water supply. The two principal conditions for the execution of the work were laid down as follows:—

"In all cases in which special works are undertaken to meet exceptional distress, it would appear necessary, first, that the men employed should be engaged on the recommendation of the guardians as persons whom, owing to previous condition and circumstances, it is undesirable to send to the workhouse or to treat as subjects for pauper relief; and second, that the wages paid should be something less than the wages ordinarily paid for similar work, in order to prevent imposture, and to leave the strongest temptation to those who avail themselves of this opportunity to return as soon as possible to their previous occupations."

This circular, first issued to local authorities and Boards of Guardians in England and Wales under the presidency of Mr. Chamberlain in the spring of 1886, was substantially repeated under the presidency of Sir Henry Fowler in November, 1892. In accordance with it local authorities, during the past twenty years, have taken a considerable part in relieving distress through unemployment. In a few places municipal relief works have become almost an annual institution.[1] More generally they have been limited to times when there appeared to be exceptional distress. During the winter of 1892-93, for instance, 96 authorities in Great Britain provided relief work for the unemployed men in their districts; 77 of these gave employment altogether to 26,875 persons.[2] In the six months, ended 31st March, 1905, the Metropolitan Borough Councils spent £103,926 from

[1] Thus at West Ham the corporation provided work for the unemployed in 1895-96, 1898-99, and then in every winter from 1902 onwards. (*West Ham*, Howarth and Wilson, book iii., ch. iv.).

[2] *Agencies and Methods* (1893), p. 212. *Distress from Want of Employment* (1895), Third Report, p. 65.

the local rates in wages alone upon special works for the unemployed.[1] This, it may be noted, was additional to the £50,000 that was raised at the same time by voluntary subscriptions under Mr. Long's scheme and disbursed by the Executive Committee of the London Unemployed Fund. There is, however, no need to write in detail the history of the experiments and expenditures of municipalities in this direction. It will be sufficient to note one or two general features.

First, the principle has become established that the assistance given by the local authorities though called "work," should be work in which no standard of competence is required and upon which men are under no obligation to earn their wages. Really unskilled work, of the type contemplated by the circular—"which all can perform, whatever may have been their previous avocations"—hardly exists in the world of practice. The unemployed at a time of depression are a collection of persons from many occupations, and, as a rule, the weakest members of these occupations. To insist upon a standard of competence might mean discharging many of the most "deserving" men who could not do just the sort of work provided. All that has seemed possible has been to insist upon each man doing as much as he appeared capable of doing. The adoption of this course by the local authorities has perhaps been natural. It has, however, exposed municipal relief works to the danger of setting a standard of output by the ability of the weakest or idlest worker, and has made them almost always more expensive—often much more expensive—than if they had been performed by labourers under ordinary conditions of hiring and discharge.[2] Clearly, moreover, it affects in a very vital manner the character of the operations undertaken. To pay men wages irrespective of their earnings is to provide them not with work but with relief.

Second, both the "necessary" conditions laid down in the circular have come to be widely disregarded. At any rate till the passage of the Unemployed Workmen Act, it has been the exception rather than the rule for local authorities, when providing work for the unemployed, to consult with the guardians or any one else in the selection of men for assistance, or to make any serious attempt at discrimination between applicants. It is by now also quite the exception rather than the rule for anything less than

[1] *Unemployed Relief (Work), (London).* House of Commons Return, 1905 (193).

[2] *Cf.* the return on *Unemployed Relief (Work), (London)* already cited, and *Past Experience in Relief Works* by Helen Bosanquet. The former also contains instances of work specially put in hand at a time of distress but conducted under ordinary conditions and estimated to have cost no more than usual.

the ordinary or trade union wages to be paid on public relief works.[1]

Third, great difficulty has often been experienced by local authorities at times in finding, at a few days' notice, work which both could be done by the unemployed and would not in the ordinary way be done by their regular staff or at least by ordinary contractor's labour. Few authorities, indeed, have been reduced to the plan adopted by one London borough council in 1904—of discontinuing for a few months the use of their machine brooms in order to get the streets swept instead by the hands of the unemployed.[2] Many have done work which had in fact little greater utility or necessity than this.

Fourth, the plan of distributing such work as could be given between the greatest possible number of individual men—giving each perhaps only two days a week or two days in a month or a season—has been very largely adopted.

Special Charitable Funds.

The third type of agency to be considered here is that of the special funds which have from time to time been raised by appeal to the charitable public in order to meet an assumed emergency of exceptional and urgent distress. It will be sufficient for this purpose to confine attention to London. The following table gives the principal funds raised and expended there on various occasions during the past fifty years with a view of alleviating unusual distress:—

EMERGENCY RELIEF FUNDS IN LONDON.

1860.	£40,000.	Estimate of sums raised by various agencies to meet unusual distress. Direct Temporary Relief.
1867.	£15,000.	Mansion House Fund. Direct Temporary Relief.
1885.	£78,629.	Mansion House Fund. Direct Temporary Relief.
1892-5.	£2,400.	Mansion House Fund. Temporary test work at Abbey Mills as a means to permanent removal. About £400 of this fund was carried over to 1903-4.
1903-4.	£4,000.	Mansion House Fund. Colony Relief Works.
1904-5.	£51,904.	London Unemployed Fund. Mr. Long's Scheme.
1905-6.	£63,455.	London's share of the Queen's Unemployed Fund used for Unemployed Workmen Act.

[1] The principle of paying the standard rate under such circumstances appears to have grown gradually—under pressure of the objection to under-selling the ordinary industrial worker. In 1892 even the Trades Council at Greenock was prepared to admit the payment of less than trade union rate of wages on special works for the unemployed (*Agencies and Methods* (1893), p. 221). At West Ham, however, in 1894-5 the Town Council, under pressure from the local trade unions, withdrew from co-operation in a scheme to pay for unskilled labour by the piece with a minimum time rate below the current one.

[2] *Unemployed Relief* (*Work*), (*London*). Stepney. During the present month (Nov., 1908) identically the same proposal has been submitted by the Borough Council of Bermondsey to the Central (Unemployed) Body for London.

In the administration of these funds a distinct progression may be noticed. The first in the list—that of 1860-1—represented to a great extent largesse pure and simple. The police courts were the most important centres of distribution. At the Thames police court "generally a number of persons, sometimes to the amount of 2,000, collected about the court. There was a large amount of silver and it was given to the applicants as they passed along, as fast as possible."[1] At Westminster money was paid out in response to begging letters, the writing of which became in consequence a regular trade performed by a special class of men. In the city "the circumstance that two magistrates were sitting, distributing relief indiscriminately to all who chose to apply to them, was as if two additional relieving officers were put on, one at the Mansion House and the other at Guildhall—distributing money instead of provisions; and instead of its coming out of the poor rates it came from public subscription".

By 1867 public opinion had so far developed that some attempt was made to secure distribution of the fund through committees having knowledge of the various localities and experience in dealing with distress. The local committees were, however, for the most part self-constituted. In many cases they partook rather of the character of deputations, and almost without exception they acted on the principle of giving infinitesimal doles to as many people as possible. In Poplar and Limehouse 43,000 persons were "relieved" to the extent, on an average, of sevenpence each. In Bethnal Green the average amount of relief per head was twopence farthing.

The Mansion House Fund of 1885 was the most famous of all. There are men still living amongst the unemployed of to-day who can recall with regret those golden days. There are men experienced in observing and dealing with distress who say that East and South London have scarcely yet recovered from the demoralisation of that orgie of relief. Yet the operations of 1885-6, while exceeding in scale anything that had gone before, also represented a distinct advance in administration. The sums granted to individuals were on the whole larger. Certain new and excellent objects of expenditure, *e.g.*, the payment of club arrears, were recognised. The central committee of the fund not only took positive steps to secure the formation of representative local committees for the work of distribution, but even formulated rules for their guidance. The first of the rules was "that no part

[1] *Exceptional Distress*, Report of a Special Committee of the Charity Organisation Society, 1886, p. iii. Most of the subsequent quotations come from this same source.

of the funds be used for the relief of cases of chronic distress". Others proscribed the payment of back rent and the giving of money, except through payment of club arrears, to applicants in receipt of outdoor relief. In some districts, no doubt, attempts were made to adhere strictly to these rules. In others they were frankly abandoned almost from the start. In others they—and especially the first one—had to be relaxed simply owing to the character of most of those applying. "We should have had difficulty in finding anybody to participate if we had excluded chronic cases altogether," said one almoner.[1] "The tendency of the fund was to drift to the relief of the permanent poor. Do what we would to avoid it, we could not help it drifting," said another.

The operations of 1892-1895 had a quite special character, since they were directed, not so much to carrying men over a time of acute depression, as to removing them altogether from an area in which the re-organisation of labour at the docks was making them superfluous.[2]

With the Mansion House Fund of 1903-4 begins the last stage in this history. A letter appearing in the London papers on 23rd November, 1903, over the signatures of the Bishop of Stepney, Canon Barnett and others, gave the outlines of a scheme which aimed "at putting before every head of a family a means of living, sufficient to keep up the full strength of his family and of a character which would enable him to retain his self-respect while at the same time affording a real test of need and of manful purpose". Under this scheme work was to be offered at some distance from London to heads of families settled in London. The men were to go down to the works and get lodging, board and pocket money, returning only at stated intervals to see their families and look for ordinary employment; their wives were to receive at home adequate allowances varying with the number of dependent children. The separation of the man from home and London was put forward as a "test" making the relief work less attractive than ordinary work without making it either dishonourable (as under the Poor Law) or irregular and insufficient to provide a maintenance (as in the case of most municipal schemes). The letter itself was not an appeal for funds, but led to the reassembling of the old Mansion House Committee which undertook the "colony" scheme there outlined. Altogether about £4,300 were spent during a period of three and a half months in providing

[1] *Exceptional Distress.* Evidence of Fletcher 61 and Roberts 1610; *cf.* also Qu. 821, 858, 972.

[2] See p. 90 above.

work at Osea Island and Hadleigh Farm Colony to 467 heads of families (representing 2,500 persons) resident in the four East End boroughs of Stepney, Poplar, Bethnal Green and Shoreditch. The work was mainly spade work in the open air. Men once set to work were allowed to remain there, subject to good behaviour, till the close, returning at first once a fortnight, but later only once a month to London. The average relief to each family was estimated at 23s. 3d. a week. At first it was hoped that the condition of removal from London would suffice to keep the numbers within bounds and render investigation and selection amongst applicants unnecessary. This expectation was at once disappointed, and after the first four weeks all cases were investigated as fully as possible, by reference to employers and otherwise, with a view to selecting for assistance those who, having had regular work in the past, might be presumed to have the best chance of recovering it in the future if enabled to survive a period of exceptional depression.

The "colony" scheme of 1903-4, therefore, for practically the first time in the history of charitable relief funds, witnessed the application of several important principles. Work was given, not money. Regular work, continued to each individual so long as the fund lasted and he behaved well, was given in place of doles of irregular work. The principle of making relief less attractive than industry was recognised and applied by the device of rustication. The conception of a specific industrial evil —cyclical trade depression—needing to be treated scientifically led to a selection of men, not simply according to their distress, but according to their industrial record. Finally, the committee followed up their work by an attempt to ascertain its effect upon those assisted. An investigation at the end of July, 1904, four months after the close of the scheme and in the height of the summer, showed 26 per cent. to have recovered "more or less regular employment according to the nature of their occupation," 36 per cent. to have obtained casual or irregular employment (one month or so in four or five), and 38 per cent. to have been out of work ever since leaving the relief works or to have had a few days' or one or two weeks' work but to be once again unemployed. The main effect of the scheme was to demonstrate the magnitude of the problem to be solved.

All through the summer of 1904 trade remained depressed and employment slack, and it became clear that much distress was to be anticipated during the coming winter. Accordingly, at a special conference of Metropolitan Guardians convened on 14th October, Mr. Walter Long, then President of the Local

Government Board, propounded a scheme for the organisation of special relief throughout London.[1]

To these proposals, as developed in subsequent official circulars, practical effect was given during the month following. Joint Committees representative of the borough councils and boards of guardians were set up in twenty-seven out of the twenty-eight Metropolitan boroughs and in the City of London. In many, but not in all cases, the Committees included also, as suggested by Mr. Long, representatives of charitable associations. A Central Committee—numbering at full strength seventy—was formed of delegates from each of the Joint Committees and of persons nominated by the Local Government Board.

The functions of the Joint Committees were "to receive applications for work or relief, to examine into the cases and to divide them into two classes: (i.) those who were respectable men temporarily distressed owing to inability to obtain employment; (ii.) those who should be regarded as ordinary applicants for poor-law relief". The latter being excluded, the Joint Committees were left to deal with the first class "by recommending them to the borough councils for employment, by affording facilities for the interchange of information between applicants for work and employers, and by recommending them for employment upon special works undertaken by the Central Committee". Their administrative expenses were in part thrown on the Metropolitan Common Poor Fund. The functions of the Central Committee apart from co-ordination of the work of the Joint Committees were "to collect and administer funds, and to deal with cases referred to them by the Joint Committees, by the provision of special works beyond the limits of any particular borough, by the establishment of labour colonies, or by making grants towards special works undertaken by local authorities". The funds of the Central Committee were, in the event, drawn entirely from voluntary subscriptions received partly through the agency of Mr. Long, partly in response to a Mansion House appeal. Mr. Long had himself strongly repudiated the project of an Exchequer grant, while his own rather daring offer to sanction contributions made by local authorities out of the rates met with little response.

The Joint Committees, being formed, proceeded to register large numbers of the unemployed and to recommend the great bulk of them to the Central Committee for employment. Up to

[1] The scheme is referred to elsewhere and generally under the title of the London Unemployed Fund. The principles of the scheme were applicable and were applied also outside London. In view, however, of the subsequent Unemployed Workmen Act, no special account of them seems necessary.

31st March, 1905, 45,996 men had been registered and about 26,000 recommended as falling in Class I. while not more than 11,000 were ruled out as belonging to Class II. Some of these men—an unascertainable number—were assisted indirectly by the Central Committee through grants in aid of work put in hand by public authorities. Altogether £5,614 went in such grants. The bulk of the committee's funds was in employing men directly and served to provide work for 3,496 individuals during periods varying from one day to thirty weeks and averaging eight weeks. These works were of three main types. About a third of the men were employed in London itself by co-operation with the County Council, the City Corporation, the Home Office, mainly on ground work in the parks. The men were paid the standard rates of wages, making their weekly earnings for the hours worked 22s. or 25s. 8d., or in the Royal Parks 24s. About another third of the men were employed by co-operation with the County Council in preparing ground for a garden at Long Grove Asylum near Epsom and travelled daily to and fro by special train. The wages were the standard ones of 6d. an hour, but the obligation of paying half their railway fares (2s. a week) reduced the weekly earnings to 23s. 8d., and the amount was still further reduced later to 21s. 8d. by cessation of Saturday work and pay. The remaining third of the men were employed by co-operation with the Salvation Army at Hadleigh, by co-operation with the Garden City Company at Letchworth and on the farm colony at Hollesley Bay leased to the committee by Mr. Joseph Fels. These men were employed on the "colony" system introduced by the Mansion House Fund of 1903-4. They received merely board, lodging and pocket-money; their wives in London had allowances ranging from ten to twenty shillings.

The Unemployed Workmen Act.

The Unemployed Workmen Act, 1905,[1] has followed up and generalised the semi-official scheme of 1904-5. It establishes for every municipal borough and urban district with a population of not less than fifty thousand a Distress Committee composed in specified proportions of councillors, guardians and "persons experienced in the relief of distress". These Distress Committees must make themselves acquainted with the conditions of labour in their area; may receive, inquire into and discriminate between any applications made to them by persons unemployed;

[1] 5 Edward VII. ch. 18. The principal orders made under the Act by the Local Government Board are Statutory Orders, 1905, No. 1035, dealing with the powers and duties of Distress Committees, and No. 1071, known as the Regulations (Organisation for Unemployed), and referred to shortly as the Regulations.

may "if satisfied that any such applicant is a person honestly desirous of obtaining work but is temporarily unable to do so from exceptional causes over which he has no control and that his case is capable of more suitable treatment under this Act than under the Poor Law," endeavour to obtain work for him or themselves undertake to assist him. This assistance may take several forms:—

(*a*) Aiding emigration.

(*b*) Aiding migration or removal to another area.

(*c*) Providing or contributing towards the provision of temporary work "in such manner as they think best calculated to put him in a position to obtain regular work or other means of supporting himself".

It is expressly laid down that "the provision of temporary work or other assistance for any person under this Act shall not disentitle him to be registered or to vote as a parliamentary, county or parochial elector or as a burgess". Power is also given to establish, take over, or assist labour exchanges or employment registers. The rates are made available—to the extent of a half-penny or, with the consent of the Local Government Board, a penny in the pound—for certain expenses incurred under the Act, *viz.*:—

(*a*) Establishment charges, including expenses incurred in respect of labour exchanges and employment registers and in the collection of information.

(*b*) The cost of emigration and migration.

(*c*) Expenditure in relation to the acquisition, with the consent of the Local Government Board, of land for the purposes of the Act.

For all other purposes—including actual provision of work—reliance must be placed on other sources of revenue, upon voluntary contributions or, since 1906, upon an Exchequer grant. In the Bill as originally introduced the cost of providing temporary work on a farm colony was made chargeable on the rates but this was dropped in Committee. Certain other very important conditions governing the provision of relief work—that the total weekly remuneration shall be "less than that which would under ordinary circumstances be earned by an unskilled labourer for a full week's work," and that such work should not "except with the consent of the Local Government Board be given to the same person in more than two successive years"—were also omitted from the Bill and subsequently inserted in the orders issued after it had passed. At the same time the operation of the Act was limited to three years.

In London the organisation is more complicated, the functions of the provincial Distress Committees being divided between twenty-nine Distress Committees—one in each of the Metropolitan boroughs and including borough councillors, guardians, and persons experienced in the relief of distress—and a Central Body composed of sixty-two representatives from those Distress Committees, four from the London County Council, eight co-opted members and not more than eight persons nominated by the Local Government Board. The Distress Committees have the business of making themselves acquainted with the conditions of labour in their area and of receiving, inquiring into and discriminating between applications, but may not themselves provide work. They can only refer men to the Central Body and can in practice incur no expenditure without the consent of the latter. The Central Body has the business of co-ordinating the work of Distress Committees; assisting applicants by emigration, migration or temporary work; establishing, taking over or assisting labour exchanges or employment registers; levying the half-penny rate, and collecting voluntary subscriptions.

Provision is made for the extension of the whole or part of this machinery to municipal boroughs or urban districts with populations under fifty thousand and to the country generally.[1]

The Act, it will be seen, represents in two distinct senses a convergence of existing agencies and methods for the relief of distress through want of employment. On the one hand, the authorities set up by it were formally composed of representatives of the Poor Law, of the municipalities, and of charity. The general aim of the Act was clearly to co-ordinate the action of these three types of agency, to prevent overlapping, and to secure appropriate treatment of every class of distress. On the other hand, the ideas underlying the Act, at least in regard to its main object of temporary assistance by relief work, were no less clearly drawn in varying proportions from these same three sources. From the Poor Law came the general principle that the condition of the assisted person should remain less eligible than that of the independent labourer; the total remuneration payable was limited accordingly. From the Poor Law also, through the Mansion House Fund of 1903-4, came the idea of the "colony" system, a plan practically indistinguishable from the modified workhouse test first adopted in Whitechapel.

[1] These provisions are not altogether happily conceived. In one town at least—that of Dalbeattie—it proved necessary, in order to secure the application of the Act, to appoint both a Distress Committee for the town and a Central Body composed of practically the same persons for the county in which the town was situated.

From the practice of municipal authorities came the idea of "relief work" itself, that is, of work upon which men should be employed at weekly wages without being under the obligation to earn them. The terms of the order 1071 of 1905 expressly exclude the idea of full competence. "Each person employed on the work shall perform every task allotted to him with diligence and shall throughout his employment attain a standard of efficiency such as, *with due regard to his ordinary calling or occupation and his age and physical ability*, may be properly required of him."[1] From the Mansion House Funds of the preceding fifty years came the conception of exceptional depression of trade as an emergency for spasmodic charitable action. The principal object, in a word, was not to do any new thing but to do slightly better what had been done before. The Poor Law principle of deterrence was to be retained in a milder form, without the stigma of disfranchisement, the breaking up of homes or the evil associations of the stoneyard. Municipal "relief work" was to be retained with a few improvements of detail—greater regularity and continuity of employment—but without any attempt to clear up the dangerous confusion of ideas implied in its very name. Permanent channels were to be constructed to guide the streams of charity to a better end than before, subject to discrimination of the deserving from the undeserving and without the danger of shirking administration in order to see that every shilling went in direct relief.

The Act was passed on 11th August, 1905, and began to come into effective operation during the following autumn.[2] There have been established under it in England and Wales altogether eighty-nine Provincial Distress Committees and twenty-nine Metropolitan Distress Committees together with the Central (Unemployed) Body for London. The total population of the districts covered in 1906 was 16,341,553. Three of the Committees—at Coventry, West Hartlepool, and Rhondda—have taken no action of any kind.[3] Others have been operative only in one or two out of the

[1] Regulations, Art. V. (1) (c).

[2] The following account of its operation is taken principally from the three returns published by the English Local Government Board on *Proceedings of Distress Committees* in the years ending 31st March, 1906, 1907, 1908, respectively, and from the annual reports published by the Central (Unemployed) Body and most of the Distress Committees. The *Preliminary Report of the Central (Unemployed) Body* up to 12th May, 1906, and its *Second Report* from 12th May, 1906, to 30th June, 1907, have been placed on sale with Messrs. P. S. King & Son, 2 Great Smith St., London, S.W. The working of the Distress Committees in Scotland is described in two Reports of the Local Government Board for Scotland, Cd. 3431 and Cd. 3830.

[3] Up to September, 1908. The two first of these, at least, have commenced operations since that date.

three winters following the passage of the Act. The majority, having opened offices for the registration of the unemployed, have each year, in varying degrees, investigated their cases and have endeavoured to assist a larger or smaller proportion of them, mainly by the provision of temporary relief work, but also by training for rural occupations, emigration, removal to other areas in England and Wales, and in other ways. There has, in these various activities, been expended under the Act, up to 31st March, 1908, a total sum of £541,146, exclusive of sums raised by way of loan for the purchase of farm colonies. About two-thirds of this is entered under the head of provision of work; the remainder was for administrative expenses, labour exchanges, emigration (between £80,000 and £90,000) and other purposes. London accounted for nearly 60 per cent. of the total expenditure. Of the total receipts during the same period about two-fifths came from the rates, two-fifths from the Exchequer, and one-fifth—almost entirely during the first two years—from voluntary contributions.[1]

The administration of the Act is best considered under three main headings: (1) number and type of applications registered; (2) methods of registration, investigation and selection; (3) methods of assistance.

TABLE XXVI.—DISTRESS COMMITTEES IN ENGLAND AND WALES.

1905-6.

	No. of Committees Taking Proceedings.	Estimated Population (1905).	Applications Received up to 31st March, 1906.	Applications Entertained.		Total of Columns 4 and 5 per 1,000 of Population.
				Applicants.	Dependants.	
	1.	2.	3.	4.	5.	6.
London .	29	4,684,794	39,728	23,838	69,038	20
Provinces	85	—	71,107	49,979	130,927	16
Total .	114	—	110,835	73,817	199,965	17

[1] All these figures refer to England and Wales alone. In Scotland there were established up to May, 1907, fourteen Distress Committees, covering a population of 1,856,520. In each of the first two years almost exactly the same number of applicants was registered, *viz.*, 8,860. Operations in Scotland have not differed essentially from those in England and Wales. *Cf. Distress Committees in Scotland*, 1905-6 and 1906-7.

TABLE XXVI. (*continued*)—

1906-7.

	No. of Committees Taking Proceedings.	Estimated Population (1906).	Applications Received up to 31st March, 1907.	Applications Entertained.		Total of Columns 4 and 5 per 1,000 of Population.
				Applicants.	Dependants.	
	1.	2.	3.	4.	5.	6.
London .	29	4,721,217	28,181	13,070	37,656	11
Provinces	76	10,528,850	58,820	47,346	115,145	15
Total .	105	15,250,067	87,001	60,416	152,801	14

1907-8.

	No. of Committees Taking Proceedings.	Estimated Population (1907).	Applications Received up to 31st March, 1908.	Applications Entertained.		Total of Columns 4 and 5 per 1,000 of Population.
				Applicants.	Dependants.	
	1.	2.	3.	4.	5.	6.
London .	29	4,758,218	32,624	14,291	42,765	12
Provinces	69	10,153,161	57,433	40,322	108,206	15
Total .	98	14,911,379	90,057	54,613	150,971	14

The total number of applications, as shown, fell off considerably between the first two years and rose again slightly in the third. In respect, however, both of these movements and of the proportion of applicants to population, different districts varied greatly. The decrease between the first two years was very marked in London itself and in the manufacturing towns of Lancashire and the Midlands; the London suburbs showed an actual increase. The increase in the third year was also considerable in London, but was still more marked in some of the shipbuilding and engineering centres, such as Sunderland and South Shields. On the other hand, several important towns, such as Birkenhead, Bolton, Leeds, Leicester, Liverpool, Portsmouth, Southampton, showed decreases. The number of applicants per thousand of the population in 1907-8 varied in London from 2·2 in Hampstead and 3·2 in St. Marylebone to 12·8 in Bermondsey and 17·5 in Poplar; outside London it varied from 0·4 in Bury and Manchester to 27·0 in Edmonton and 34·7 in Sunderland.

The numbers registered, though considerable, fall very far

short of the estimates of distress sometimes made by applying to the whole industrial population the unemployed percentage obtained by the Labour Department of the Board of Trade from the returns of certain trade unions. The proportion of the total number of men applying to the total number of occupied males in the districts where applications were received is given as 2·4 per cent. in 1905-6, 1·9 per cent. in 1906-7, and 2·1 per cent. in 1907-8. The unemployed percentages for the corresponding periods, *i.e.*, the six months from October to March in each year, averaged 4·6, 4·3 and 5·9. The Distress Committee records, moreover, count all the men who applied at any time during the period of registration—generally six months or more—even though they may have been out of work only a small portion of it. The unemployed percentage gives the average number unemployed at the same time throughout the period; the number of separate individuals who became unemployed at some time or other in the period would probably be at least twice as great.

The ages of the applicants have been dealt with in a previous chapter.[1]

The occupations of the applicants whose cases were entertained are shown in the following table:—

TABLE XXVII.—OCCUPATIONS OF UNEMPLOYED APPLICANTS, 1907-8.

Occupations.	London.	Percentage of Total of all Occupations.	Total (London and Provinces).	Percentage of Total of all Occupations.
General or Casual Labour	6,129	42·9	29,104	53·3
Building Trades	3,792	26·5	10,569	19·4
Engineering, Shipbuilding and Metal Trades	1,002	7·0	4,719	8·6
Boot and Shoemaking	207	1·5	1,236	2·3
Furnishing and Woodworking	463	3·2	1,109	2·0
Food, Drink and Tobacco Trades	342	2·4	684	1·2
Domestic Service	329	2·3	1,109	2·0
Textile Trades	8	·1	192	0·4
Tailoring and Clothing	286	2·0	326	0·7
Printing, Bookbinding and other Paper Trades	130	·9	268	0·5
Other Occupations	1,603	11·2	5,227	9·6

Here, again, the results each year are very much the same. In each year "general or casual labour" accounts for more than half of all the applicants whose cases were considered and building for another fifth. As between London and the provinces the table appears to show in the latter a larger percentage of

[1] Chapter VI., p. 117 *seq.*

"general or casual labour," and a smaller percentage of men from the building trades. In part this may represent a real difference of conditions. It is probably, however, to a much larger extent a difference less of substance than of form, men being entered as builders' labourers in London who would appear as labourers or general labourers elsewhere.[1]

The table, as it stands, throws some light upon the class of men applying to Distress Committees. It is, however, inadequate from several points of view. There is nothing to show what proportions of the men ascribed to various occupations are skilled and unskilled respectively. There can be little doubt again that some cases of applicants entered under the heading of other occupations belong more properly to the class of general or casual labour.[2] The true predominance of this type can only be shown by the much fuller analysis which will be made best in considering the methods of investigation and selection adopted by Distress Committees.

The registration of applicants for assistance has taken place on a form prescribed by the Local Government Board.[3] This form or "Record Paper" as originally drawn up consisted of eighteen paragraphs, involving fifty distinct questions and requiring, if the work was carefully done, some twenty to thirty minutes for each case. The present "Record Paper" is only slightly shorter, including questions not only as to the age, occupation, earnings, last and other employers of the applicant during the past twelve months, but also as to his residence, rent, number of rooms, family, present income from all sources and other matters. The Local Government Board has prescribed also certain rules of investigation and selection, of which the following are the most important:—

"(i) . . .:—

"(iii.) An officer, a member, or any other person authorised by the Distress Committee to receive and investigate applications, shall visit and make inquiries at the home of the applicant for the verification of the statements of the applicant, and shall also, where the circumstances so require, with the same object, communicate with a Board of Guardians or with any other body,

[1] The difference noticed is peculiar to the year 1907-8. In 1906-7 London by itself had practically the same percentages of general and casual labour (51·1) and building (19·7) as had the whole country (52·5 and 17·2). Seeing how closely connected the two groups are in practice, it may fairly be assumed that the difference between the London figures for 1906-7 and 1907-8 represents mainly a change of classification.

[2] *Proceedings of Distress Committees*, 1907-8, p. 5.

[3] Regulations: Schedule. Amended by No. 6 of 1906.

authority, or person able to supply useful information with respect to the applicant.

"(iv.) In the case of each applicant the Distress Committee shall call for and consider the Record Paper which, in pursuance of these Regulations, has been provided and is in use in relation to the case, and shall satisfy themselves—

"(*a*) That the applicant is of good character;

"(*b*) That he has not from any source sufficient means to maintain himself and his dependants;

"(*c*) That he is not, and has not been during the period of twelve months immediately preceding the date of the application, in receipt of relief (other than medical relief) at the cost of the poor rate;[1]

"(*d*) That he has not in two successive periods of twelve months immediately preceding the date of the application, been employed on work provided by a Central Body, or on work towards the provision of which a Central Body have contributed; and

"(*e*) That his case is in other respects one which the Distress Committee, with due observance of the requirements of the Act, may properly entertain.

"(2) The case of an applicant as to whom the Distress Committee have satisfied themselves—

"(*a*) That in the past he has been regularly employed, has resided in their area for a continuous period of twelve months at the least, and has been well-conducted and thrifty;

"(*b*) That at the time of his application he has a wife, child, or other dependant;

"(*c*) That, in respect of age and physical ability, he is qualified for such work as the Distress Committee may be able to obtain; and also

"(*d*) That, in other respects, the case of the applicant is one which may be entertained in accordance with the conditions prescribed by this Regulation,

shall be treated by the Distress Committee in preference to cases of a different character."[2]

The carrying out of these regulations has necessarily involved a good deal of administrative machinery. The amount of this can best be judged from the fact that during the period from 10th November, 1906, to 30th June, 1907, the establish-

[1] This and the next clause have now been withdrawn (Nov., 1908).

[2] The Regulations (Organisation for Unemployed), Art. II. (1, 2), (Statutory Rules and Orders, 1905, 1071).

ment charges of the Metropolitan Distress Committees and Central Body amounted to £11,090, averaging 7s. 4d. per case registered, 9s. 6d. per case investigated, £3 2s. 6d. per case assisted by the provision of work.[1]

Spite of the Local Government Board regulations the extent and quality of the investigations have varied very greatly from one committee to another and the principles of selection have varied yet more. In London, for instance, during the winter 1905-6 the percentage of applicants adjudged after inquiry to be ineligible or unsuitable for treatment under the Act ranged from one in Battersea and five in Hackney to thirty-three in Poplar and seventy-five in Stepney. Outside London contrasts no less pointed can be found—between Manchester which in 1906-7 rejected none of its applications and Salford which rejected 38 per cent., between York which in the same year entertained all its applications but five and Bradford which entertained 150 out of 1,292.[2] It is hardly necessary to argue at length that very little significance attaches to the published statistics as to the proportions of applicants found qualified or not qualified for assistance under the Act. There can be very little doubt that in judging of eligibility and still more in giving preferential treatment Distress Committees, after excluding manifest idlers, have very commonly looked less to the industrial status of the applicant than to the urgency of the apparent distress and the number of dependent children.

The plain fact is that the Committees have had to deal principally with a type of distress to which the industrial criteria

[1] This includes a certain amount of central establishment charges properly attributable to heads other than the provision of work, *e.g.*, to emigration. It does not, however, include the office expenditure at the colonies and other works, and, in that it deals only with just over half the year, it amounts to a considerable understatement. From 30th June, 1907, to the reopening of the registers at the end of the following October very few additional men were registered or assisted, but a considerable establishment had of course to be maintained. Direct expenditure on emigration or employment exchanges is excluded from the expenditure here considered.

[2] This want of co-operation is well illustrated by the fact that the Central Body, in apportioning the benefits of its fund between different parts of London, has never felt able to base its decision on the numbers and recorded quality of the applicants registered by Distress Committees, but has gone upon inferences from the census figures and other general indications of poverty.

These contrasts are not confined to England and Wales. "The Board in their last report drew attention to the apparent difference in the methods adopted by the various Distress Committees in determining whether an applicant was qualified for assistance. That the standard of eligibility varies considerably is suggested by the following figures. Taking those Distress Committees having more than 500 applicants it will be observed that in Edinburgh all the applicants were considered qualified for assistance; in Greenock 96·31 per cent.; in Dundee 96·06 per cent.; in Aberdeen 81·09 per cent.; whereas in Glasgow only 39·19 per cent. were passed as qualified" (*Distress Committees in Scotland*, 1906-7).

suggested by the Act and regulations were inapplicable. Investigation of the past employments of casual labourers has proved a hopeless and unprofitable task.[1] Discrimination between men all substantially on the same level of irregularity has appeared obviously futile. This is put plainly by some of the Metropolitan Committees. "The committee, in selecting applicants, has not drawn a sharp distinction between those usually in regular work but temporarily unable to find employment, and those in a normal condition of chronic casual employment. The latter class constitute the great majority of those registered" (Fulham). "With the exception of known bad characters and those disqualified by certain regulations the majority of applicants have been much of the same class, with almost the identical claims for preferential treatment. . . . Owing to the large number of casual workers who made application for relief work or emigration it was impossible to carry out to the letter general instruction C. B. 19th October, 1906" (Poplar). "The vast majority of the applicants to the committee are men who have been unable to maintain their families decently for some years past" (Finsbury). "The first class of applicants contemplated by the Act, that is men usually in regular employment but temporarily out of work through some dislocation of trade, are practically non-existent so far as this borough is concerned" (Bermondsey).[2]

The Stepney Committee out of 1,421 applicants, as the result of most elaborate inquiries, found only eighty-four with a recent record of regular employment and seventy-nine with a recent record of fairly regular employment lost without fault on their side. Having given or offered work to all these and to a certain number of special cases the committee were able to offer work to seventy-four others classified as having "a fair or at any rate some record of casual employment" or as having been "dismissed from their employment for slight faults". It should be added that single men without dependants and men not in urgent need were excluded from consideration along with those showing serious defects of character, physique, etc.

As a result there is no apparent difference of industrial status

[1] In 1905-6 the Stepney Committee, spite of repeated efforts, failed in 9½ per cent. of its cases to get any verifiable reference of employment at all. The Hammersmith Committee record, as the special difficulty experienced in their work, "the inability of many deserving applicants to remember the addresses of employers and the date of their employment".

[2] These particular quotations appear in the *Second Report of the Central (Unemployed) Body*, p. 18. They might be multiplied indefinitely by reference to the reports of Distress Committees. *Cf.* those for Chelsea, City of London, Lambeth, Hackney, Paddington, Stepney.

between the whole body of men applying and the men selected for assistance. Of the London applicants in each of the years 1905-6 and 1906-7, 80 per cent. are accounted for by the groups "Building" and "Locomotion, Transport and Labour". These include a certain number of skilled men and a much smaller number from grades of industry in which regular employment is not uncommon. The overwhelming majority are men whose employment is both casual and low-skilled or unskilled—who are builders' labourers, or dock labourers, or general labourers pure and simple. Of the 20 per cent. falling outside these groups many are described as labourers of various kinds, and many more are unclassified or ranked as potmen, window-cleaners, night-watchmen and the like.

The records of those actually assisted or recommended for assistance by these Distress Committees show a picture indistinguishable from this. In 1905-6 and 1906-7, as also in 1904-5 under Mr. Long's scheme, 80 per cent. or more of the men selected from crowds of applicants with a searching preference for those formerly in regular employment are in fact drawn from the same two typically casual groups of occupations—from "Building" and from "Locomotion, Transport and Labour". The same point is put in another way by saying that 71·3 per cent. of them are men reckoning their wages by the hour, while only 28·7 per cent. are sufficiently established to reckon by the week. Among the latter are 11·7 per cent. with wages under 25s., 10·9 per cent. with wages between 25s. and 30s., and 7 per cent. with 30s. or more Apart from the exceptional cases introduced by the discharges from Woolwich Arsenal the men at weekly wages among those recommended for assistance are less than four for every 100 applicants.

It is possible that the predominance of the casual labourer is more marked in London than elsewhere. It is certain that such difference as exists is one of degree rather than of kind, or even one of form rather than of substance. In some districts this predominance may be modified by special circumstances, *e.g.*, the introduction of machinery in the boot and shoe trade, as within London itself it has, during the past few years, been modified at Woolwich by the discharges from the Arsenal. Yet "investigation of the cases registered showed that, while there even in the centre of the boot and shoe trade at Leicester were a considerable number of men unemployed through no fault of their own, many of them were general (and unskilled) labourers, and about a third of the whole number may be classed as persons who had earned a precarious living by doing odd

jobs, casual labourers, aged and inefficients".[1] Almost everywhere the broad facts are the same, and are such as to make natural the remark of the Local Government Board with regard to Nottingham: "It is doubtful if the class of men who form the major portion of the applicants to the Distress Committee are much affected by the better or worse conditions of labour".

The work of the authorities established by the Unemployed Workmen Act has fallen into several distinct branches—the provision of temporary relief work, assisted emigration or migration, and the establishment of labour exchanges. The predominant branch and the only one to be considered here in any detail is the first of these. The conditions governing it are set out in Article V. of the regulations already quoted:—

"(*a*) That the work shall have for its object a purpose of actual and substantial utility;

"(*b*) That each person employed on the work shall throughout his employment be subject to effectual supervision;

"(*c*) That each person employed on the work shall perform every task allotted to him with diligence, and shall throughout his employment attain a standard of efficiency such as, with due regard to his ordinary calling or occupation, and his age and physical ability, may properly be required of him;

"(*d*) That each person employed on the work shall, as far as possible, be afforded continuous occupation thereon day by day, with such absence only as may be needed to facilitate his search for regular work or other means of supporting himself; . . .

"(*f*) That when the person employed has no wife, child or other dependant, or has a wife, child, or other dependant, but is not employed on temporary work necessitating, during a period or a succession of periods comprising in each case four consecutive days at the least, his continuous absence from home, the total remuneration of that person for any given period of continuous work shall be less than that which would under ordinary circumstances be earned by an unskilled labourer for continuous work during the same period in the place in which the work was provided;

"(*g*) That when the person employed has a wife, child, or other dependant, and the remuneration of that person is subject to deduction for the purpose of defraying the cost of the lodging and maintenance of the wife, child or other dependant, the total remuneration of the said person for any given period of continu-

[1] *Proceedings of Distress Committees*, 1905-6. *Cf.* also Sunderland, Bootle, Kingston-upon-Hull, Grimsby, all of which call attention to the chronic poverty of the casual labourer.

ous work shall be less than that which would under ordinary circumstances be earned by an unskilled labourer for continuous work during the same period in the place at which the wife, child, or other dependant is lodged and maintained." [1]

The substance of these conditions is that men should be engaged upon undertakings of actual and substantial utility, should be made to work continuously and with such efficiency as can properly be required of them, and should earn less than would be earned by an unskilled labourer. Another clause lays it down that the work provided to any one individual shall not, except with the consent of the Local Government Board, last more than sixteen weeks.[2]

The great bulk of the work provided has been of a rough labouring description, *e.g.*, road making and repairing, sewerage construction, street cleansing and preparing of pleasure grounds and open spaces, though in some cases a certain amount of more skilled work, *e.g.*, painting and building, was available. A few committees, however—at Southampton, Leicester, Oldham, Manchester, Hull and West Ham—leased or bought land for experiments in cultivation. The Central Body for London, besides setting up the Hollesley Bay Farm Colony, to be described later, carried out schemes of sea-walling at Fambridge and Osea Island and constructed a railway siding at Garden City.

There has been a great and on the whole an increasing difficulty in finding work which should be of actual and substantial utility without being work which would in any case have been done at the cost of the rates. In some cases at least work has been done by hand which in the ordinary course would have been done by machines.[3] In others the work has been "anticipated," that is to say, done by unemployed labour a few months before it would ordinarily have been done by competent labour.[4] In others there appears to have been a direct diversion of employment from the channels of industry into those of relief.

The conditions of pay and employment have varied greatly. In London the bulk of the men have received wages at the full standard rate per hour but have worked less than the ordinary

[1] Regulations, Art. V. (i.). [2] *Ibid.*, (iv.).

[3] *E.g.*, at Liverpool (*Distress Committee Report*, 1906-7, p. 5) and at Norwich (*Distress Committee Report*, 1906-7, p. 7). *Cf.* also *Report of London Unemployed Fund*, 1904-5, p. 52, for another instance.

[4] The Central Body for London during the first three years of its existence formally refused to contribute to the cost of merely "anticipated" public work, on the ground that this meant interfering with the ordinary labour market. In October, 1908, however, it felt constrained, by the need of finding openings for employment, to abandon this principle.

number of hours each week, so as to bring their earnings below what they would have got on full time. A good many men, however—especially during the first two years—have been employed at distances from London on the "colony" system introduced by the Mansion House Committee of 1903-4; that is to say, the Central Body has provided board, lodging and pocket money for the men at the works and weekly allowances proportionate to the size of the family at home. Alike on the ordinary works and at the working colonies the principle of continuity has been applied very thoroughly; that is to say, any man once engaged was allowed to remain, subject to good behaviour, for the full sixteen weeks permitted by the regulations. Outside London, payment at the ordinary rates per hour appears to have been the general though not universal rule, but the work has seldom been so continuous. A good many Distress Committees have, in spite of the regulations, retained the old plan of distributing the work in scanty doles over the largest possible number of men.

In one respect almost all the works have been alike—that there has been on them no attempt to apply the ordinary standards of competence and to dismiss men, as they would be dismissed in real life, simply because their output was insufficient. As a result, the cost of the work done has uniformly exceeded its value. In London, for instance, the Central Body and the semi-official committee which preceded it, spent over £58,000 on works subsequently valued at less than £13,500.[1] There can be little doubt that in some instances the valuation, being made by the officers of the authority which was to pay the ascertained value, was distinctly on the low side, nor can all the difference be attributed to the unemployed men themselves. The difference itself is such as to leave ample proof of inefficiency after all allowances have been made. In three cases where the total value of the work is not in dispute, the average value of each week's work done by the men works out at from 8s. 9d. to 10s. 3d. In regard to quite a distinct set of works the following estimates are given by the bailiff of the royal parks in which the men were employed:—

(1) Willingness to work, 70 per cent.

(2) Fitness for the work on which employed, 50 per cent.

(3) Improvement during the progress of the work, 45 per cent.

(4) Value of the work done as compared with average labour, 50 per cent.[2]

[1] *Morning Post*, 31st January, 1908, "Work for the Unemployed". The works referred to were for the most part straightforward ground labouring. The experiment of sea-walling at Fambridge, which in fact proved the most expensive, is excluded.

[2] Minutes of Central Body, 15th May, 1908.

Estimates made by the Central Body's own superintendent of works put the value of the unemployed labour somewhat higher—at 60 per cent. in the London County Council parks generally and up to 90 per cent. in one or two other cases.[1]

Results such as these are by no means peculiar to London. In Portsmouth the cost of unemployed labour is put at three times that of ordinary labour.[2] In Birmingham work carried out by the Distress Committee for one of the other committees of the Corporation cost £1,882 as against an allotment of £640.[3] In Glasgow £8,950 was spent in wages alone and £9,977 altogether on work valued at £3,045.[4] In Govan the value of the work done in 1906-7 varied from 33·3 to 66·6 per cent. of the wages paid.[5]

These are no doubt picked instances. The point that they illustrate is a perfectly general one. Distress Committees, even where the standard wage is paid, do not get and do not expect to get the standard output from the men for whom they provide work. In other words, they act as relief authorities not as employers.

What, then, has been the cost of the relief system thus established, and what have been its apparent effects upon distress through want of employment?

It is, unfortunately, impossible to give any estimate of the average cost of each week's relief work for the country as a whole because no record is to hand of the total number of weeks of employment provided. The following figures refer to London alone. During the first two complete years of its existence (ending 2nd Nov., 1907) the Central Body provided about 50,000[6] weeks of relief work for men in and about London and 36,000 on the colony system. The gross expenditure on these works was £124,000, against which may be set recoupments of about £10,000,[7] while establishment charges accounted for another £27,000. During the third year of its existence—from 2nd November, 1907, to 3rd October, 1908—the Central Body provided 32,003 weeks of relief work in and about London and 10,798 at Hollesley Bay at a gross cost for the works directly of £67,709 and for establishment charges of £13,676. The

[1] *Proceedings of Distress Committees*, 1907-8, p. 18.
[2] *Ibid.*, p. 29.
[3] *Report of Birmingham Distress Committee*, 1906-7, p. 9.
[4] *Distress Committees in Scotland*, 1906-7, p. 21.
[5] *Ibid.*, p. 22.
[6] This is the mean of two not altogether reconcilable estimates.
[7] This is exclusive of Hollesley Bay for which the accounts are somewhat complicated. As, however, the farm and garden account of the estate showed from December, 1905, to September, 1907, a trading loss of £2,644, a sum exceeding the estimated value of the unemployed labour put into it (£1,154) and nearly equalling this value plus the increased value of the estate itself (£1,933), the recoupment appears negligible.

recoupments amounted to £10,944. On this basis the net cost of relief per week, *i.e.*, the cost over and above the recoverable value of the work done, works out at practically the same in each period, namely, just under £1 13s. per family.[1] The experience of the Central Body does not support the suggestion that the provision of relief work is to be preferred to direct money gifts on the ground of cheapness.[2]

In considering the effect of the assistance given it is well to recall the objects of this assistance as defined by the Unemployed Workmen Act itself. Temporary work, according to section 1 sub-section (5), is to be provided in such manner as is best calculated to put the recipient "in a position to obtain regular work or other means of supporting himself". It is clear that the degree to which the work provided has visibly had this desired effect is very small indeed. On this point an interesting light is thrown by the record of repeated applications in London.

TABLE XXVIII.—REPEATED APPLICATIONS—LONDON.

Total Applicants, 1905-6	31,534
Re-applied to same Distress Committee, 1906-7	7,160
Being	22·7 per cent.
Applicants Assisted, 1905-6	6,392
Re-applied to same Distress Committee, 1906-7	2,720
Being	42·6 per cent.
Applicants not Assisted, 1905-6	25,142
Re-applied to same Distress Committee, 1906-7	4,540
Being	18·1 per cent.

The foregoing table, taken from the *Second Report of the Central Body*,[3] shows not only that the percentage of re-applications

[1] A small portion of the establishment charges should in strictness be excluded as having reference to other branches of activity, *e.g.*, emigration. As regards the first period, however, this deduction would be more than counterbalanced by the addition which should properly be made for the interest on capital expenditure (about £47,000) in connection with Hollesley Bay. As regards the last period it is—owing to the diminished emigration—of small importance. The figures given omit the expenditure on women's workrooms. This totalled nearly £13,000 in the three years.

[2] During the first year of its existence the Central Body in order to give £35,000 to the men and their families, spent £13,000 on auxiliary purposes (tools, supervision, etc.) and £12,000 on establishment charges. If the total recoupment received on these works—£6,000—be set against the auxiliary expenses, there remains, as the net cost of assisting by work rather than by money gifts, £7,000 auxiliary and an uncertain proportion of the £12,000 administrative expenditure. This calculation deals with relief work pure and simple, *i.e.*, is exclusive of Hollesley Bay, where there has naturally been special expenditure.

[3] Pages 18 and 90. For several reasons these percentages must be regarded as a minimum rather than a full record. First, being compiled for each Distress Committee separately, they take no account of those who, having been assisted in one borough the first year, move into another and apply there the next year. Second, they

among men assisted is very considerable (42·6) but that it is very much higher than the percentage among those not assisted. That of course is only what might have been expected. Those who got something one year naturally tried again the next.[1] Those who got nothing would give up applying and make shift without assistance.[2] The fact that the result is only what might be expected does not affect it as a ground for judging the value of temporary relief work. The work as given, instead of showing any signs of enabling men to obtain regular work or other means of supporting themselves, has as its main visible consequence the effect of making it more than twice as likely that they will ask for similar assistance next year.

With one exception none of the provincial Distress Committees appear to have made any similar investigation. The exception is West Ham, where of those not assisted in 1905-6 42·1 per cent. and of those assisted 67·6 per cent. re-applied in 1906-7. The following table, however, is suggestive.[3]

TABLE XXIX.—MEN ASSISTED AND MEN APPLYING.

	No. of Applicants 1905-6.	Percentage of these Applicants provided with Work.	No. of Applicants 1906-7.	Applicants per 1000 of Population 1906-7.	Change per Cent. of No. in 1905-6.
29 Metropolitan Distress Committees. . .	39,728	23·8	28,181	6·0	−29·1
10 Distress Committees in Outer London[4] .	13,931	55·2	15,322	12·1	+10·0
All other Distress Committees . . .	57,176	34·0	43,498	4·7	−23·9
	110,835	37·3	87,001	5·7	−21·5

make, except in a few cases, no allowance for men who could not be expected to re-apply because they had emigrated. Third, all the by no means negligible possibilities of error are on the side of under-statement. One or two districts show quite remarkable contrasts, *e.g.*, Bermondsey with 76·4 per cent. of the assisted men re-applying as against 16·4 of the unassisted; Chelsea with 71·6 per cent. as against 18·8 per cent.; Camberwell with 63·0 per cent. as against 20·0 per cent.

[1] "It was found that a large number of applicants considered that having once worked for the unemployed, they were entitled to do so whenever such work was available" (Greenwich Report, 1906-7).

[2] It is quite certain from the statistics of pauperism that these unassisted unemployed did not in the years under review to any large extent have recourse to the Poor Law.

[3] *Sociological Review*, Jan., 1908.

[4] Croydon (5·4), West Ham (16·2), East Ham (12·0), Hornsey (2·9), Edmonton (22·0), Erith (8·1), Leyton (7·4), Tottenham (20·2), Walthamstow (10·6), Willesden (11·2). The bracketed figures give the number of applicants per 1000 of the population.

The proportion of assisted applicants was, owing no doubt to the practice of giving larger spells of work to each individual, lowest in London; next came the provincial committees; last the suburban committees. This is also the order of the three groups in comparing the 1906-7 applications with those for 1905-6. The group which assisted fewest men in 1905-6 experienced the greatest falling off of applications in 1906-7; the group which spread the benefits of employment relief most widely in 1905-6 shows an actual increase of applications in 1906-7.

More striking, however, than any statistics is the consensus of opinion, on the part of all those actually engaged in the work, as to the failure of sixteen weeks of temporary assistance to confer any permanent benefit. "The committee is of opinion that those assisted are undoubtedly benefited in being able to tide over a time when in the ordinary course of things there would be a period of unemployment. It is a more open question, however, as to any permanent benefit, and the proportion of those given work in 1905-6 who have again applied is rather discouraging. Whilst, however, the casual labourer exists—and the bulk of those registering under the Act belong to this class and to that of the men whose trade is seasonal—it is not easy to see how this can be obviated" (Lambeth Report, 1906-7). "The committee gladly recognises that many families have been helped over a severe time of distress by the work found for the men by the Central Body. We are obliged, however, to repeat the statement of last year, *viz.*, that as the distress in this district arises from a permanent excess of unskilled labour over the demand, the men on completing their terms of employment found their local labour a drug in the market, just as it was before" (Bermondsey Report, 1906-7). In one district—Stepney—the general impression has been put regularly to the test of subsequent investigation into the position of those assisted. In July, 1906, 46 per cent. of those who had been assisted during the previous winter were still without work and in most cases without any definite prospects of obtaining it, 23 per cent. were in casual work, 31 per cent. were in "fairly permanent work" (a description including jobs of a few weeks or for the summer only). "Relief work has not been effective in preventing a general downward tendency. In 1906 42 men could be classed as regular as against 58 who were casual; in 1907 for the same men the figures are 29 regular and 71 casual. Relief work has not been 'educational'. It has not stimulated determination and good industrial habit. Neither apparently has it made it easier for men to find work. Nothing

is more remarkable in the after-history of cases assisted by the committee, than the length of time men have remained out of employment after their discharge from relief work. Their prolonged absence from home has apparently resulted in a loss of touch with employers" (Stepney Report, 1906-7).

It remains only to conclude this description of the proceedings of Distress Committees by noticing two or three activities of a type distinct from the provision of temporary relief work.[1]

The first is the attempt to remove men altogether from the urban labour market by training for new occupations on the land. The most noteworthy example of this is the farm colony established by the London Unemployed Fund in February, 1905, at Hollesley Bay in Suffolk. This colony, which has now been purchased by the Central Body for London, comprises a total area of 1,300 acres, 600 being arable, 250 heath, and the residue pasture, woodland, etc., and has living and sleeping accommodation for nearly 350 persons. At its commencement three main objects were laid down:—

"1. The provision of special work for periods of exceptional distress.

"2. The provision of more continuous work for men who are not only in exceptional need of work, but who either have already lived upon the land, or show a marked aptitude for country life.

"3. The establishment of suitable men and families in agricultural or other rural industry, in various forms, *e.g.*:—

(*a*) Ordinary farm situations, preferably in districts where wages and conditions are good and where a movement

[1] The work already described has dealt only with men. The Central Body for London, however, has also given employment in tailoring and the manufacture of underclothing to a fair number of women. Up to 30th June, 1907, 308 women out of 802 applying received periods of work varying from sixteen weeks to twenty-four. From 1st July, 1907, to 3rd October, 1908, 434 women received periods of work averaging 16·62; the number of applicants up to April of this year was 1,666. The rate of pay has been from 10s. to 17s. a week according to the number of dependent children, plus a daily dinner of the value of 6d. and fares to and from the workroom in excess of 2d. a day. A woman with two children would thus receive, apart from the fares, the value of 17s. a week, a sum of course considerably in excess of what any but the most skilled workers would earn in any woman's industry in London. As a matter of fact many of the women assisted have earned only a few shillings a week for years past and some have not earned at all, having been reduced to distress not by their own loss of employment but by the unemployment, sickness or death of their husbands. Great difficulties have been experienced in getting rid of the goods made. An attempt has been made to give the women training as well as relief, but not, apparently, with any greater success than among the men in enabling those helped to obtain other employment after leaving the workrooms. The proportion of the applicants who were assisted appears to have been considerably higher amongst the women than amongst the men.

towards small holdings, allotments, market gardening, co-operative farming, etc., is developing.

(*b*) Market gardening or ordinary gardener's situations.

(*c*) The establishing of small holdings in the neighbourhood of the colony or elsewhere (either with or without some intervening period of service elsewhere under '*a*' or '*b*'). This will be the hope held out to the picked men on the colony.

(*d*) Emigration."

In the administration of the colony emphasis has been more and more laid on the third object and particularly on the establishment of men on co-operative small holdings. The Central Body has not, however, been able itself to establish small holdings, the Local Government Board having ruled that this was a purpose outside the scope of the Unemployed Workmen Act, and great difficulties have been experienced in placing the men elsewhere. "The settlement of men in ordinary farm situations, paragraph 3 (*a*), or in market gardening or ordinary gardener's situations, paragraph 3 (*b*), has proved in most cases impossible. Consequently, the only considerable outlet for the men trained at Hollesley Bay has been that mentioned in paragraph 3 (*d*), *i.e.*, emigration." [1]

As to emigration, it appears from the returns of the Local Government Board that 3,386 men, representing altogether with their dependants over 10,000[2] persons, were emigrated, principally to Canada, during the three years under review. The total expenditure met in this case, from the rates, has been £80,000. It does not appear that emigration as conducted by the Distress Committees deserves as a whole either the criticism that it amounts to a dumping of undesirables upon the Colonies, or the opposite criticism that it amounts to exporting the best manhood of the nation. Neither the one extreme nor the other has been strongly represented among the men selected, and in many cases the claim seems fairly made out that people who were finding difficulty in keeping above the surface in this country became readily self-supporting in the more buoyant labour market of Canada. Since the spring of the present year, however, the industrial depression on the North American continent

[1] *Second Report of Central Body*, p. 38. A table in this report shows that between 11th December, 1905, when the colony was taken over by the Central Body and 30th September, 1907, 1,597 men passed through it receiving an average of 12·34 weeks' work and training per man. The net cost during the same period is put at £31,068, or £1 11s. 6d. per man and family per week.

[2] The total number of persons entering Canada during the same period is estimated at 600,000. (Mr. Walter Hazell in *The Times*, 29th October, 1908.)

has very largely closed the main outlet for emigration from this country.

The establishment of Labour Exchanges, though included in the powers of the Provincial Distress Committees and of the Central Body, has lain somewhat outside their main scope. A good many Distress Committees have endeavoured to exercise their powers in this direction, but this has not always meant more than inviting private employers to engage men off the ordinary register of unemployed applicants for assistance.[1] In London special interest has been taken in the matter, leading to the establishment, during the latter part of 1906, of a system of Employment Exchanges working on a uniform plan throughout nearly the whole of the metropolitan area, and connected by a Central Exchange or clearing house. These Exchanges are under the direct control of the Central Body as a branch of its work in officers, staff and management altogether distinct from and additional to the organisation of Metropolitan Distress Committees for the selection of unemployed applicants for relief work. They register men only for the business requirements of ordinary employers and concern themselves, therefore, only with the industrial qualifications of men and not also with the size of their families, distress, thrift or other sources of income. In accordance with a decision of the Local Government Board they are precluded from enforcing upon those who use them any specified rate of wages or conditions of employment. In regard to strikes and lock-outs the instructions issued to superintendents declare the express intention of the Central Body to prevent the unfair use of the Exchanges to prejudice the conduct of trade disputes and forbid the superintendents to take action as to either vacancies created or men unemployed owing to a dispute, without the distinct orders of the Central Body. In practice the Central Body has always taken the line of refusing to notify such vacancies to applicants. The legality of this rule and practice are still under consideration by the Local Government Board. The expenditure of the Central Body on the Metropolitan Exchanges was £8,379 for the year ending 2nd November, 1907, during the first two months of which only a part of the system was open,

[1] The Distress Committees at Birmingham, Manchester, Newcastle-on-Tyne, Plymouth, Reading, Salford, Warrington, and West Ham are mentioned as having provided separate registers and in some cases separate staff and offices for labour bureau purposes (*Proceedings of Distress Committees*, 1907-8, p. 8). "In several cases," it is stated, "the operations of the Committees in this direction met with some measure of success." The Board of Trade now receives and summarises each month in the *Labour Gazette* returns from nineteen Provincial Labour Bureaux in addition to those for London. Most of these are under Distress Committees.

and £9,035 for the period from 2nd November, 1907, to 3rd October, 1908.

The activity of the Exchanges since their establishment, and with greater detail, during the year ending June, 1908, is shown in the following tables.

TABLE XXX.—METROPOLITAN EMPLOYMENT EXCHANGES, 1906-9.

	Situations Offered.	Situations Filled.	Percentage Filled of Situations Offered.	Placed through Central Exchange.	No. of Applications.	Mean No. on Register throughout Period.
1906, Aug.-Dec. .	5,974	3,626	60·7	480	34,071	—
1907, Jan.-June .	13,975	8,903	63·7	1,298	47,115	4,674
July-Dec. .	11,955	8,332	69·7	1,145	129,760	6,109
1908, Jan.-June .	16,001	11,696	73·1	2,747		7,134
July-Dec. .	17,119	13,321	77·8	2,839	—	8,276
1909, Jan.-June .	17,593	13,278	75·5	3,248	—	8,901

TABLE XXXI.—METROPOLITAN EMPLOYMENT EXCHANGES.
(Year ended 30th June, 1908.)

Occupation.	Applications Registered.[1]	Persons Registered.	Situations Offered.[2]	Situations Filled.
Building	18,402	11,539	2,437	2,241
Woodworking . .	4,786	3,127	945	611
Metals	11,555	7,688	1,380	1,097
Printing	2,224	1,611	369	227
Dress	1,631	1,116	401	208
Food and Tobacco . .	2,908	2,120	500	364
Glass and Leather . .	1,148	706	217	135
Transport and General .	36,217	27,602	4,629	4,027
Other Occupations . .	9,489	7,002	2,365	1,750
Total Men . .	88,360	62,511	13,243	10,660
Boys . .	15,656	11,712	4,440	3,504
Women . .	19,201	14,999	7,155	3,982
Girls . .	6,543	5,128	3,118	1,882
Grand Total . .	129,760	94,350	27,956	20,028

Persons placed in districts other than their own through Central Exchange: Males, 2,785; Females, 1,107—Total, 3,892.

Transport and general labour provide 41·0 per cent. of all the registrations of men, building 20·8 per cent. and the metal trades 13·1 per cent. The corresponding proportions amongst the situations filled are 37·8, 21·0 and 10·3. 36·5 per cent. of the situations filled are described as "skilled," 21·7 per cent. as for "skilled labour," and 41·7 per cent. as "unskilled". The percentage of situations filled among those offered is for men 80·5, boys 78·9, women, 55·7, and girls 60·3.

[1] Including re-registrations but not renewals.
[2] Situations for indoor domestic servants are not registered.

There has thus, spite of the unfavourable conditions of the labour market, been a fairly steady if gradual growth in the volume of work done—particularly noticeable being the developed use of the Central Exchange for enabling men to find situations outside their immediate neighbourhood. The third column—showing the steadily increasing proportion of situations filled amongst those offered—is another direct indication of improved efficiency. There has been development also in ways not appearing in statistical record. The type of men registering has, beyond question, improved as the character of the Exchanges came to be known. The co-operation of existing associations of workmen has been secured in a good many places, there being an increasing tendency for trade union branches to keep their vacant books at the Exchanges. Though, therefore, the Metropolitan Employment Exchanges are still extremely modest institutions and hampered by many difficulties, some inevitable, some unnecessary, they have succeeded in obtaining at least a footing in the industrial world and appear to be strengthening it from day to day.

The Unemployed Workmen Act—Conclusions.

The Unemployed Workmen Act is a composite measure. It has suggested or made possible a good many distinct experiments such as rate-aided emigration, farm colonies, and labour exchanges. Its main object was undoubtedly the direct assistance of the unemployed by the old method of temporary relief work. By its policy and its effect in this field it must stand or fall.

The policy of the Act in regard to temporary relief work is unmistakable. Its authors had clearly before them the fact of cyclical fluctuation as shown by the trade union returns—the unemployed percentage rising from its minimum of two or three to seven or more and returning to its minimum again. They aimed at providing a temporary refuge for the 5 per cent. or so of men thus exceptionally displaced; at catching competent and industrious men as they fell out on one side of the depression and landing them—still competent and industrious because preserved from want and the Poor Law—upon firm ground on the other side. They viewed trade depression, in fact, as a chasm through which men might slip through to the abyss of chronic pauperism below and they wished to construct across it a bridge of temporary relief. All that it seemed necessary to secure was that the bridge should be constructed only where a real chasm could be seen to exist; that it should be used only by men hitherto competent and industrious; that, being costly, it should not be used too long

or unnecessarily; that it should yet be such as to carry men well over to the other side. In fact it has not proved possible to carry out any part of this policy. The construction of the bridge has not been limited to times of exceptional depression nor its use to persons exceptionally unemployed; it has not been made less attractive than ordinary labour, and it has not been made long enough to land men upon the firm ground of regular work once more. These four main points, as they are illustrated in the Act and regulations and as they have worked out in practice, will be taken in order.

First, temporary assistance by relief work was to be provided only in times of exceptional trade depression. The administration of the Act on this side was deliberately made dependent upon the raising of voluntary contributions from the charitable public. If there was not sufficient distress to call forth voluntary contributions, nothing could be done. If there was distress, the charitable public might subscribe more freely, knowing both that adequate machinery was in existence to turn their money to the best advantage and that, since the cost of this machinery fell on the rates, all that was subscribed would go in direct relief. During the first year the Act was in fact financed in this way. A public appeal on behalf of the unemployed, made by the Queen on 13th November, 1905, resulted in the subscription of over £150,000, of which the bulk—close on £125,000—was distributed to the authorities established under the Unemployed Workmen Act. It was clear that such an appeal and such a result would not be repeated. In 1906 Parliament put a sum of £200,000 at the disposal of the Local Government Board to supplement voluntary contributions, and this precedent has been followed in 1907 and 1908. Practically voluntary contributions have disappeared altogether and their place has been taken by grants from the Exchequer.

Second, this temporary assistance was to be given only to men honestly desirous of obtaining work but temporarily unable to do so from exceptional causes over which they had no control (Unemployed Workmen Act, sec. 1, sub-sec. 3), and preferentially to men who in the past had been regularly employed and had been well conducted and thrifty [Regulations, Art. II. (iv.)(2)]. It is certain, from the description already given, that a very small proportion of the applicants have been men able to produce any record of regular employment within recent years, or any definite evidence of thrift. It may fairly be questioned whether any large proportion, either of those who have applied or of those who have been assisted, fall strictly within either the

words or the spirit of section 1, sub-section 3. The great bulk have been labourers or low-skilled irregular workmen with whom distress through want of employment was neither temporary nor exceptional. They have stood so much upon the same level of chronic poverty that investigation and discrimination have often appeared obviously futile. They have been so little removed from the most destitute classes of all that Distress Committees have been constantly in revolt against the further regulation which was meant to distinguish the Unemployed Workmen Act from the Poor Law by making receipt of relief under the latter a disqualification for work under the former.[1] This distinction is during the present winter to be removed.

Third, any recourse to temporary assistance under the Act was to be made unattractive by the rule that the "total remuneration . . . for any given period of continuous work should be less than that which would under ordinary circumstances be earned by an unskilled labourer for continuous work" [Regulations, Art. V. (i) (f) (g)], and prolonged or repeated recourse was to be made impossible by the rules that the work should not, except with the consent of the Local Government Board, be continued for more than sixteen weeks [Art. V. (iv.)] or be given in more than two successive periods of twelve months [Art. III. (iv.) (d)].

The first of these rules has been construed as permitting the payment of full trade union rates per hour so long as the average number of hours per day or of days per week was reduced, and this plan has been followed very generally in regard to men employed for wages. The regulation itself has thus been observed; the Poor Law principle clearly intended to be imported by the regulation—that assistance should be less attractive than independence—has been disregarded altogether. The majority of those assisted, being men accustomed to casual earning, have obtained from Distress Committees either a regularity of employment and weekly income far above their average, or a succession of casual jobs exactly corresponding to their tastes. In neither case have they had to reach the ordinary standard of competence. On the "colony" works to which the regulation also formally applies, the object of the regulation has been sought to be secured in another way. Removal from London to unfamiliar surroundings and the absence of money wages would, it was hoped, act as a deterrent. Work on this system is undoubtedly unattractive at first sight, *i.e.*, it is refused without trial by men who would go readily to relief work in the London parks. Upon

[1] Regulations, Art. II. iv. (c).

those who do try it the effect wears off rapidly and often disappears.[1] The surroundings become familiar instead of unfamiliar. The food and accommodation are necessarily on a high scale: a public body which pays in kind cannot afford to risk grumbling and is really bound to give the men better than what they would provide for themselves. The men are not, in practice, deprived of the use of money and through it of alcohol. A certain proportion of the family allowance constantly finds its way to the husband at the colony.

The difficulty here is not superficial but essential. No doubt relief works might be rendered less attractive than they are if the policy of paying a fair day's wage without demanding anything like a fair day's work were abandoned. No doubt the administration of most "colonies" might be made more bracing and less philanthropic. The root of the difficulty would remain: that no scale of relief can be made less attractive than the ordinary life of the casual labourer without being made ludicrously inadequate. The root of the difficulty lies in the inconceivably bad conditions of employment and earning in the lowest ranks of independent industry.

The rules limiting the period and the frequency of temporary assistance have, like the Poor Law disqualification, failed to commend themselves to Distress Committees having practical experience of the problem. There has been visible a distinct tendency, at least in London, to multiply reasons for obtaining special exemptions from the sixteen weeks' limit—at Hollesley Bay in order to allow for training; at Fambridge in order to keep on men who had become familiar with the work; in the women's workrooms because quite obviously the women had nothing to turn to when temporary assistance should come to an end. The other rule—that against assistance in more than two successive years—has been the subject of continual protest. It too is this winter to be repealed.

Fourth, the temporary assistance was to be such as the Distress Committees thought best calculated to put the recipients "in a position to obtain regular work or other means of supporting themselves". The contrast between this pious hope and the reality is too glaring to need emphasis. The bulk of the applicants to Distress Committees have not for years been in regular employment; they could not, therefore, hope to re-

[1] "Whilst men who are new to the committee invariably show a preference for non-colony work, old hands who 'know the ropes' usually ask to be sent to a colony. 'They could do' with the 'regular grub' and the work is 'all right'" (Stepney Report, 1906-7).

cover it after tiding over a period of exceptional slackness upon relief work. From all sides come complaints of the inadequacy even of the full sixteen weeks of assistance to secure permanent benefit.

At every point, therefore, the provision of relief work under the Unemployed Workmen Act has broken down, or at least has broken away from its original intentions. The Act started as a carefully guarded experiment in dealing with a specific emergency—exceptional trade depression—by assistance outside the Poor Law. One by one all the guards and restrictions have been swept away, or have become forgotten. The assistance, for the most part, has been given neither out of the resources contemplated by the Act (voluntary subscriptions), nor to the persons contemplated by the Act (workmen temporarily and exceptionally distressed), nor in substantial accordance with the principles of the Act as interpreted by the Local Government Board (that assistance should be less eligible than independence), nor so as to achieve the purpose defined by the Act (restoration to regular employment). All this has happened, not through defects in the machinery of the Act—though there are obvious defects—nor through perversity or carelessness in its administrators, but simply and inevitably because the Act itself was founded upon an incomplete diagnosis of the problem. Its authors correctly appreciated the fact of cyclical fluctuation in the demand for labour. They took no account of the irregularity of employment which in good times and bad times alike is a normal feature throughout so large a part of industry. Yet this is the one fact which by itself makes the whole policy of the Act unworkable. The characteristic and conspicuous result of trade depression is, not to reduce to destitution men formerly in regular employment (though no doubt this also happens to some extent), but to precipitate into distress men who are always on its verge. For poverty of this type the sixteen weeks of relief work is obviously no remedy. To men of this type a reduction of earnings brought about by shortening the hours is no deterrent. The problem as conceived by the authors of the Unemployed Workmen Act was that of a definite breach in employment hitherto continuous—a disaster analogous to those caused by famine or war—a chasm over which a bridge might be thrown from firm ground to firm ground. The actual problem has none of this convenient definiteness of outline. The passage of the unemployed percentage from two to seven and back again to two does not mean the extrusion of 5,000 specific individuals out of every 100,000 in one year and their re-absorption the year after. It

means, for practical purposes, the gradual and barely perceptible worsening, through three or four years, of conditions of life which are always bad, and their equally gradual and imperceptible return, in the next three or four years, to being not worse than usual. The analogy with wars and famines does not hold. The metaphor of the chasm is premature. In the lowest grades of industry—those which most feel the weight of exceptional depressions—there is no firm ground at all. There are quicksands to be drained before there can be any talk of building bridges.

The Unemployed Workmen Act has, however, not merely failed from the point of view of its authors. The difficulties experienced in its working have a far wider application.

First, they reflect on the whole policy of relief work. It has been observed by a German authority[1] that in England the natural tendency is to regard relief works with favour, because they once had some measure of success—in the cotton famine—while in France the memory of the *ateliers nationaux* of 1848 makes them the last thing to be tried. It is perhaps not out of place to suggest that England has now some reason to regard relief works from the French standpoint. The experiences of the past few winters, though by no means comparable to those of the *ateliers nationaux*, are certainly not encouraging. Two advantages generally claimed for relief by way of work are, first, that it is cheaper, and, second, that it is less demoralising than any other method of relief. The operations of Distress Committees have certainly not erred on the side of cheapness; the auxiliary expenses—on materials, etc.—have not infrequently exceeded the value of the work when done; the net cost of relief in London has been three times the allowance which the best organised trade unions think necessary for their unemployed members. There may, again, be demoralisation in receiving a grant of 10s. to 15s. a week in idleness. Is there not risk of even worse demoralisation in being paid 20s. a week as wages for exertion worth 15s. or 10s. or 5s.? The objection noted by the Select Committee of 1896 to the labour yard applies to every form of work in which no standard of competence is applied: the standard of accomplishment gets fixed by the unwilling worker. "Relief work" has proved not a happy but a disastrous combination. It generally implies something that degrades the name of work and disregards the principles of relief.

Second, the difficulties experienced throw doubts upon the practicability under present conditions of any form of public assistance outside the Poor Law. The agencies described in the

[1] Dr. Schwander, the head of the Poor Law Administration in Strasburg.

present chapter have all been so many attempts to give effect to the principle of the "ineligibility" of assistance while avoiding the harshnesses of the Poor Law. All these attempts with their various devices—a shorter working week, irregularity of relief, rustication under the colony system—have substantially failed to make assistance less eligible than independence—simply because of the bad conditions of independence. A nation cannot treat its dependants less badly than it treats its citizens. Only when it has humanised industrial conditions can it safely humanise the Poor Law.

Third, the difficulties reflect fatally upon the sufficiency of any policy of relief whatever.

The operations of Distress Committees may be criticised from many points of view—on the ground of the expense; as involving interference with independent labour; as weakening the incentive to self-help and individual or collective thrift; as demoralising men by accustoming them to earn only half their wages. There is weight in all these criticisms. The main criticism and the one emphasised by all the history of the past is that these operations are altogether inadequate and misdirected. The Unemployed Workmen Act has done a good deal in the way of collecting information. It has done a little to co-ordinate existing agencies and improve in minor points the administration of special relief. It has not made any appreciable impression upon the problem. Its main service has been to demonstrate beyond question its own essential inadequacy and the inadequacy of all measures which, like itself, leave industrial disorganisation untouched and deal only with the resultant human suffering.

CHAPTER IX.

PRINCIPLES OF FUTURE POLICY.

I. The Organised Fluidity of Labour.

Summary of preceding discussion. Unemployment a matter of fluctuations and changes in the demand for labour. Its treatment a matter of business organisation—to provide reserve power for fluctuations and to ease transitions. Criticism of proposals for State employment as a reservoir of labour for ordinary employment.

The labour market. Different treatment of labour and other commodities to-day. The hawking of labour. Wastefulness of this plan shown in two ways, (*a*) delay of production or (*b*) maintenance of excessive reserves of labour. Abolition of this plan by organisation of labour market thefirst step in the treatment of unemployment. De-casualisation. All men not regularly employed under one firm to be engaged only from an Exchange in touch with many firms. Concentration of work on some, displacing of others. Theoretical and practical answers to objection on ground of this displacement. Organisation of labour market as an increase of industrial efficiency. Subsidiary use of emigration, afforestation, etc. Analogies between casual employment and casual relief, and between under-employment and under-payment. Principle clear; practical application varied. De-casualisation only special form of general labour market organisation. Organised and therefore limited fluidity of labour a protection to those in each trade or district.

Labour Exchanges and other factors in unemployment. Seasonal fluctuations. Changes of industrial structure. The problem of age. The problem of youth; relation between Labour Exchanges and industrial training. The unemployable. The Labour Exchange test of unemployment. An alternative to deterrence.

Conclusions. The demand of economists for mobility of labour. Ignorance a principal barrier to movement. The two functions of the modern workman. Organisation of the search for work increases working efficiency. Need for this on any view of relations between population and industry. The cardinal principle of social policy—to make youth adventurous and keep old age secure.

The main factors in the problem of unemployment have now been named and analysed. The principal remedies of the past have been described, the extent and character of their failure noted. It remains to define, if possible, a policy which may afford more hope of success in the future. This is the attempt to be made in the present chapter. It must be premised by two cautions. First, the policy is one for the permanent and preventive treatment of the problem; it is not concerned with what may here and now be the best available palliatives for present distress. Second, it can only be given in outline; the practical

details of administration and machinery must be left to be filled in by practice.

The definition of a general policy must be premised further by some attempt to get a general view of the problem, and to sum up under a few main aspects the whole results of the first six chapters. Briefly the gist of these chapters may be put as follows.

Unemployment is a question not of the scale of industry but of its organisation, not of the volume of the demand for labour but of its changes and fluctuations. The changes are of several types; trades decay or are revolutionised by new machines. Through these changes particular parts of the labour supply get displaced. Unemployment arises through their difficulty in getting re-absorbed. The fluctuations, also, are of several types: some co-extensive with the economic life of the nation; some peculiar to certain trades; some purely local or individual. To meet these fluctuations—cyclical, seasonal and casual—there are required reserves of labour power. Unemployment arises as the idleness of these reserves between the epochs when they are called into action. The solution of the problem of unemployment must consist, therefore, partly in smoothing industrial transitions, partly in diminishing the extent of the reserves required for fluctuation or their intervals of idleness, partly, when this plan can go no further, in seeing that the men of the reserve are properly maintained both in action and out of it. The problem is essentially one of business organisation, of meeting without distress the changes and fluctuations without which industry is not and probably could not be carried on. It is not a problem of increasing the mere scale of industry. It is not a problem of securing a general balance between the growth of the demand for labour and the growth of the supply—for this general balance is already secured by economic forces—but one of perfecting the adjustment in detail. This conclusion rules out a number of current proposals as possessing no direct bearing upon unemployment, whatever may be their value in other ways.

One of these is the creation of new industries. New industries have been created and old ones expanded at an unparalleled rate during the past fifty years, without appreciably affecting the problem of unemployment. Under these circumstances there is no need to discuss either the possibility or the means of giving a fresh stimulus to industrial growth. Any such proposals have to be attacked and defended on ground alien to the present inquiry. They may or may not bring increased prosperity, and with it a rising demand for labour. All history shows that a rising demand for labour is no cure for unemployment.

Still less is the cure to be found in a falling supply or diminished efficiency of labour. The restriction of births, the removal of population to other countries, and the permanent reduction of working hours are all alike irrelevant to the main problem. They have all indeed been tried on a considerable scale without putting an end to unemployment. Since 1876 the birth-rate has fallen from 36·3 to 26·3 per thousand. The number of native emigrants from the United Kingdom during the same period has been close on four millions. The constant tendency of working hours is downward. Here again are movements and proposals as to which much may be said from points of view other than the present one. In regard to unemployment their only influence is an indirect one and their use can be at best but subsidiary.

The paradox has to be faced—that the creation or provision of work is the one thing that is no remedy for unemployment. It may palliate immediate distress. It may increase general prosperity. It may cause unemployment for a while to be forgotten. It does not banish disorganisation from the State.

It may, however, be said that if the problem is that of maintaining reserves of labour to meet fluctuations, then the simplest and surest solution is to be found just through one of the proposals now ruled out as irrelevant. Let new industries—afforestation, land reclamation and many more—be created, not indeed for their own sakes but as reservoirs of labour, as the sources of an elastic demand able to expand and contract instantaneously as the demand in the rest of the labour market contracts and expands. Let there stand ready, for every workman to turn to in moments of idleness, some useful work to be done for the community, some employment by which he may live till he can return to his usual avocation once more. This or something like it appears to be the aim of the Unemployed Workmen Bill of 1908—the "Right to Work" Bill of the Labour Party.[1] Might not this or something like it be reached by increasing the powers and making inexhaustible the resources of the authorities already established by the Unemployed Workmen Act of 1905?

The questions of principle involved in the assertion of a "Right to Work" would in themselves furnish matter for a very interesting discussion.[2] Here it must suffice to consider in its

[1] The Bill is intended to establish "local unemployment authorities" with an obligation to provide work for every man within their area who cannot get work at the standard rate of wages.

[2] The main objection to such proposals on the side of principle is that they ignore the personal factor in unemployment. Though differences of personal character have

practical aspects alone the proposal to provide through State employment a reservoir of labour for industrial fluctuations. Three main criticisms at once suggest themselves.

First, such employment would inevitably become to a very large extent relief employment, upon which the men were paid wages in excess of their earnings. Strictly speaking, it is impossible by any exercise of State authority to guarantee useful work to all and sundry of the unemployed, if "useful" be taken to imply work which when done shall be worth more than it cost to do. The value of the work depends upon matters some of which are beyond the control of the State, *e.g.*, the competence and industry of the workman. To provide work which should be even approximately within the capacity of all the unemployed—a heterogeneous collection with an undue proportion of inferior men—would be an impossibility; there is in fact hardly anywhere any such thing as purely unskilled work, *i.e.*, work in which competence does not tell. If the State employment was conducted on business lines it would fail to act as a reservoir of labour for any but the particular trades requiring the same abilities. If it was not conducted on business lines it would of course involve a loss, not a profit, to the State, and, a much more important point, would almost certainly demoralise the men given work by lowering their standards of industry, and paying them money that they had not earned. There can be no doubt that in practice the State employment would prove extraordinarily costly. No business can be conducted with a constantly shifting body of men—the leavings of other businesses dropping in and out as occasion calls.

Second, it would in practice prove impossible to make any system of State employment act as a reservoir for the ordinary labour market. The men might flow in; they would not naturally flow out again unless the State employment was made in some way less attractive than ordinary employment. Yet this is just what it could not be made without being made either degrading or inadequate for a living. The State employment might in a time of depression draw off a large part of the dock labourers

probably little effect in increasing the volume of unemployment, they do very commonly determine its incidence. To give the individual a State guarantee against unemployment is therefore undoubtedly to condone inferiority and to weaken the incentive to industry. It is quite another matter to endeavour to regularise employment—by State action or otherwise. Devotion to the principle of struggle for existence need not go the length of desiring that the struggle should be intensified every few years by cyclical depression simply for the sake of weeding out the unfit; though there is something to be said even for this (see p. 64 as to cyclical fluctuation). In any case the State's undoubted responsibility in regard to unemployment must be treated as part of its general responsibility for public welfare and not as a duty to the individual.

in London; what likelihood is there that these labourers would ever want to return? Yet, if they did not return, their half-places in industry would simply remain to attract and to be filled by fresh-comers. The State would have a new industry; under-employment would continue. There is indeed the possibility that, if State employment continued to drain off the casual labourers, the employers, in order to get men at all, would have to improve their conditions of employment.[1] This is no doubt an idea contributing to the form of the "Right to Work" Bill. If the State cannot persuade or directly compel employers to regularise their work, may it not indirectly put pressure on them to do so by competing for the labour supply? It can only be said that in practice the competition would cost more money and do more incidental harm—the State continually draining off into the enervating environment of relief works the men demoralised by the employers—than can be contemplated with any equanimity. For every reason direct reform would be preferable. This leads naturally to the last and most important criticism.

Third, to set up a reservoir of labour at the public cost is simply to perpetuate industrial disorganisation. It is possible, as has just been suggested, that State employment would within certain limits put pressure upon private firms to amend their own methods of employment. This would happen, however, only in so far as the State employment ceased absolutely to be a reservoir of labour for the ordinary market and became instead a competing market with higher standards; in this way industrial reforms might be brought about indirectly and expensively. In so far, however, as State employment in any way served the object for which it is here supposed to be started—that of affording a universal refuge for men in involuntary idleness—it would be a support to the methods making that idleness inevitable. This is the main objection. This is the final criticism not only upon the present plan but on all others which either deal merely with individuals or merely add a fresh industry to those already existing—that they are not thorough enough. They accept the industrial system as it stands, and tack something on outside. They leave untouched the economic causes of unemployment.

The creation of new State industries may be a good thing. The provision of a public refuge from destitution is a necessary thing, and has been recognised as such in this country for three centuries and more. The two things—public business and public relief—

[1] When the South African War suddenly drew off thousands of reservists, one of the London Dock Companies found itself compelled to increase its regular staff in order to be sure of having men.

cannot be combined. Neither singly nor in attempted combination can they dispose of the need for attacking the causes of unemployment. The first step in this attack must be the organisation of the labour market.

The Labour Market.

Every one has seen in a window at times the notice, "Boy Wanted". No one, it is safe to say, has ever seen in a window the notice, "Boots Wanted". Yet people in fact want to buy boots as much or at least as often as they want to buy the labour of boys. The contrast just noticed indicates a deep-reaching difference of industrial methods.

In regard to all ordinary commodities the rule holds that there are more or less definite places to which the would-be purchaser goes or sends, and at which the seller is to be found. Moreover, it is a commonplace of economic observation that the business of bringing commodities to market, *i.e.*, of putting would-be buyer and seller into communication, has become, and is continually becoming, the subject of more and more specialised attention and organisation. For every commodity important and well-known market places get established and concentrate in large proportions all the business done. The characteristic term for such a market-place is "Exchange". According to its industrial character every important town has various types of Exchange—for corn, or wool, or stocks, or hops, or iron, or meat. The development of these institutions springs directly from the needs and the convenience of business.

In regard to labour the position remains fundamentally different. The prevailing method of obtaining employment is still that of personal application at the works. In other words, the prevailing method of selling labour is to hawk it from door to door. The purchaser's activity is at most to put up a notice that he does or does not want hands, *i.e.*, that hawkers of labour need or need not apply. So much may be said of general knowledge. On closer examination two points become clear. First, there do exist within defined and limited spheres organised methods for bringing would-be employers and employed together. Second, even apart from formal organisation, there grow up almost inevitably in each trade customs and informal relations guiding the movements of workmen and directing the inquiries of employers. The hawking of labour is seldom without method. The newcomer to a trade or district is at a definite though by no

means decisive disadvantage as compared with a man who "knows the ropes".

These formal and informal methods of seeking employment in Great Britain are described elsewhere.[1] It will be seen that such organisation as exists is very limited in scope and as a rule quite elementary. The methods described do less to meet the need than to show it. They do not so much modify as illustrate the general statement that a matter which cries out for organisation, and which in regard to every other commodity meets with an increasing measure of organisation, is in regard to labour still left to ill-informed individual action. There alone the cumbersome, antiquated and wasteful custom of hawking still holds the field. The abolition of this custom—in other words, the deliberate organisation of the labour market—is the first step in the permanent solution of the problem of unemployment.

The organisation of the labour market means simply that there shall be known centres or offices or Exchanges, to which employers shall send or go when they want workpeople, to which workpeople shall go when they want employment. When for any trade this has been carried so far that all employers in it send to the same Exchange or one of a series of connected Exchanges for every man they require, and take no man through other avenues at all, then the labour market for that one trade may be said to be completely organised. When for any industrial district this has been carried so far that all the trades in it use the same Exchange or all the separate trade Exchanges are connected, then the labour market for that district may be said to be completely organised. When all over the United Kingdom and for every trade in it there is a connected system of Labour Exchanges so that no man thinks of applying anywhere else either for workpeople or employment and would not get either if he did, then the labour market for the United Kingdom may be said to be completely organised. Then, or indeed with advantage some time before then, attention can be turned to organising the labour market for the British Empire or the world.

These, of course, are Utopian dreams. There are some good reasons to show that perfect organisation of the labour market is impracticable. There are many bad reasons which will no doubt stand effectively in its way. The perfect organisation just described is, however, the ideal and must be the aim. Every step towards it, everything done to concentrate the demand for labour at known connected centres, will be an advance towards the State's mastery of unemployment. Every point of deficiency

[1] Appendix B.

from the ideal involves a less complete realisation of one or other of the several objects for which this organisation is required.

What then are the objects of organising the labour market? What good purpose can be served by any or the most complete system of Labour Exchanges?

In reply to that question it may be observed in the first place, and as following directly from what has gone before, that all the general probabilities are in favour of the usefulness and need of such a system. The spread of information is a matter that cries out for organised rather than for individual action. The need for markets and the wastefulness of not having them are recognised in every other branch of economic life. The point for comment is not that Labour Exchanges should be advocated now but that they should never have been seriously tried in this business country before.

The explanation of this point is indeed a perfectly simple one. The wastefulness of hawking as an industrial method has not been perceived in regard to labour as much as in regard to other things, because the waste appears in two distinct forms—one obvious, one indirect.

The waste is direct and obvious when an employer has to wait for men though just the men he wants are out of work and looking for it somewhere else. Production is checked or delayed. The employer loses for the time the use of his capital, simply because hawking has not brought labour to his door at the right moment. The men lose earning time which they cannot replace, simply because they have sought their market in the wrong direction. Such cases undoubtedly occur. Indeed during times of prosperity it is quite usual for employers to be short at least of skilled men, though, as the union returns show, even in such times there are always men in all the principal trades standing idle somewhere or other. It may safely be prophesied that practical experience would show economic waste of this direct type to be far commoner than is popularly supposed. Even the limited operations of the Metropolitan Employment Exchanges include a considerable amount of transference of unemployed men from one part of London to meet unsatisfied demands for labour in another. In every such case it must be supposed that without the machinery of the Exchanges there would be an appreciable delay and checking of production.

It will, however, be urged that waste in this form, though it does occur, is relatively rare. Very few occupations—or at least very few of those coming under the notice of authorities dealing

with the unemployed question—ever attain the happy condition in which employers have to wait for men. In the unskilled or low-skilled occupations, an employer can normally get at his own gates or just outside them as many men as he wants whenever he wants them. What is there for the organisation of the labour market to do under such conditions? The answer is that the economic waste involved in such conditions is just as real as and far more harmful than in the cases considered before. The employer does not have to wait—simply because an additional amount of waiting is done by the men. If without any attempt at organisation each employer can find just by his gates all the men he wants to meet all the fluctuations of his business however irregular, this can only mean that men are always waiting at all points to be taken on; it can only mean that each employer or each small district is contriving to maintain a separate reserve of labour. In the illustration given in an earlier chapter, each of the ten wharves might in practice find the whole hundred individuals sometimes required by it always in attendance at its own gates, or might even deliberately secure this attendance by a judicious rotation of employment. The work of the ten wharves would then be spread between a thousand individuals; the work of each wharf would be carried on without a moment's delay for labour. Yet clearly such a system would be extraordinarily wasteful. Never less than two hundred men of the thousand would be standing idle at one time.[1] If the wharves were amalgamated or, if without that, they could use a common list of men, exactly the same mass and flow of work could be done by eight hundred instead of a thousand.

It has already been shown that this abstract illustration corresponds to facts. The business of independent employers of the same class of labour does fluctuate independently; one man does grow busy while another grows slack; one requires twenty men this week and not next week, while another requires twenty men next week and not this week. The two employers acting independently may employ entirely distinct sets of men, distributing the two weeks of work over forty men each idle half their time; each indeed, by taking men on at his own gates, will tend to have a separate string of men in attendance. The two employers acting together—using a common list of casuals—may concentrate their work on the same set of men, twenty getting full employment instead of forty being half-employed. It is this principle

[1] On the supposition made in the former chapter that the wharves were not all busy together so that the number employed by all on one and the same day never exceeded eight hundred.

of the common list that has now to be considered. The first object of the organisation of the labour market is to make possible a policy of "de-casualisation".

The policy of de-casualisation is simply this—that all the irregular men for each group of similar employers should be taken on from a common centre or Exchange, and that this Exchange should so far as possible concentrate employment upon the smallest number that will suffice for the work of the group as a whole; that successive jobs under different employers should, so far as possible, be made to go in succession to the same individual, instead of being spread over several men each idle half or more than half his time. In such a policy is to be found the remedy, and the only remedy, for the most urgent part of the unemployed problem—the chronic poverty of the casual labourer. To see this it is only necessary to consider shortly the working of other remedies. The provision of temporary relief, whether in the form of work under the Unemployed Workmen Act or otherwise, is useless, because there is no further shore of good employment upon which the casual will land when the relief is over and worse than useless, because it increases his immobility. The removal of the under-employed, whether to Canada or to afforestation schemes or to permanent national workshops, may benefit the men removed, but leaves their half-places in industry to attract and to be filled by fresh-comers. If the making or finding of new openings for labour would solve the unemployed problem, why is it unsolved to-day? Private enterprise is perpetually making new openings for labour; that is the one thing which it does really well. The eight hours' day may be a good thing for other reasons. As a device for absorbing the unemployed it is out of place. To halve the working hours of an employer who needs two hundred men this week and only one hundred next week, is to leave him with a demand for four hundred men this week and two hundred next. Thrift, sobriety, adaptability, initiative are good things for many reasons. They are all apt to be too good for the casual labourer. An individual here and there may rise superior to overwhelming odds. The mass is inevitably demoralised by a system of employment which panders to every bad instinct and makes every effort at good hard and useless; which by turning livelihood into a gamble goes far to take from idleness, slovenliness and irresponsibility their punishment and from assiduity its reward. The casual labourer is the rock upon which all hopes of thrift or self-help or trade union organisation, no less than all schemes of public assistance, are shattered. When it is asked what is to be done for the casual class, the

answer must be that the only thing to be done either for or with the casual class is to abolish it, and that the only way of abolishing it is to abolish the demand which it serves.

The chronic under-employment of the casual labourer is no inexplicable or exceptional phenomenon. It is the resultant of normal demand and supply—of the need of employers for irregular men and the readiness of men to do irregular work. It cannot be cured by any assistance of individuals. It can be cured, theoretically, either by cutting off the supply or by cutting off the demand, that is to say, either by making all men unwilling to do irregular work or by making it impossible for them to get it to do. Practically, however, the first plan is purely Utopian. The sources of supply to the casual labour market include every form of human weakness and misfortune and every point of industrial stress. Something may indeed be done to affect particular sources—to divert boys from uneducative to educative employments, to mitigate the hardships of industrial transitions, to lessen the pressure of competition in the towns by making the country less repellent to the countryman. All this will leave abundant sources untouched. The closing of all ways by which men fall into misfortune must be the last step, not one of the first steps, in the destruction of poverty. Moreover, if it were possible to cut off or seriously to diminish the supply of men to the casual labour market, the stoppage of the industries now dependent on their services could, in that case, be avoided only by a reformation in the conditions of employment, making it no longer casual or degraded. Diminution of the supply of casual labour would be at best but an indirect way of forcing a modification of the employers' demand for casual labour. It is, therefore, to the modification of their demand, in other words, to its "decasualisation," that attention must ultimately be directed. About this there is nothing Utopian except the solid improvement it would effect in social conditions.

It is an empirical fact, demonstrable and repeatedly demonstrated by simple observation, that the demands of separate employers of similar labour fluctuate independently; men pass from one to another. It is a commonplace of business organisation that a firm with many departments may use a man, now in one department, now in another, and, if it absorbs other undertakings or adds new departments, may continually go further in regularising the employment while proportionately reducing the number of those employed. The reorganisation of employment at the London Docks, described in an earlier chapter,[1] was nothing

[1] Pp. 88-90.

more nor less than the application of a Labour Exchange or common list of men to the work of all the separate departments. Its effect, as stated, was to raise the proportion of regular labour from 20 to 80 per cent. A Labour Exchange or common taking-on place for many separate undertakings may do as between them what in a single firm is done as between different departments. It may become the headquarters of a compact mobile reserve of labour, replacing and by its mobility covering the same ground as the enormous stagnant reserve which drifts about the streets to-day.[1] The larger and more varied the area of employment covered by an Exchange, the more completely will it be able to regularise the work of this reserve, because the more nearly will the independent fluctuations of many businesses neutralise one another to yield a steady average. There are, of course, limits to the movement of labour—limits of space and limits of skill. Men cannot be transferred in a morning from London to Glasgow or from carpentering to bricklaying. Obstacles of space would in part yield to every improvement of organisation; would in part have to be accepted as ultimate.[2] As to the requirement of special skill the important point has to be noted that, while it limits the range of movement, it also makes a large range of movement unnecessary. It is harder to regularise skilled employment than unskilled, but the skilled workman, because of his higher wages, can stand greater irregularity without falling into distress. The casual employment of the barrister or the doctor, the artist or the journalist, does not as a rule involve chronic distress. Moreover, it is not necessary to argue that all irregularity can be abolished by simply organising the movement of labour, or that nothing will remain to be done later. It is sufficient to say that each step in this direction is a step in advance. Wherever any two wharfingers, by using a common list of casuals, reduce the number of individuals between whom their work is shared from fifty to forty-nine, they have to that extent reduced under-employment.

[1] This involves no interference with the employer's control of his staff. Men who are of sufficient value to him to be required regularly will be employed regularly; the others will be chosen from among men at the Exchange instead of from a crowd of applicants at each factory gates. In one sense no doubt there will be a limitation of choice; the whole object of de-casualisation is to diminish the excessive number of individuals trying to live by each trade. In another and far more important sense there will be a better choice; the best men at any moment available will all be found concentrated at the Exchange. In practice, of course, no employer concerns himself about the individualities of his really casual men.

[2] The Labour Exchange affects only one obstacle to movement of labour—namely, ignorance of where to go. It neither removes nor ignores other obstacles: least of all does it, as some of its critics have urged, ignore the fact that "workmen have homes". Its aim is to give the workman a choice, wherever possible, between starving at home and getting work away from home. At present lack of information leaves him in nine cases out of ten without this choice.

They have, however, left one man without any work at all. The time is ripe to consider the obvious criticism upon de-casualisation that, in making work more regular for some, it throws others out altogether. The fact is undeniable. The avowed object of de-casualisation is to replace every thousand half-employed men by five hundred fully-employed men. What of the *dis*-placed five hundred? To this question there are two answers; one theoretical and important, the other practical and subordinate.

The theoretical answer takes the form of a dilemma—either the men displaced will find work elsewhere or they will not. If they do find work elsewhere the difficulty is at end; a thousand half-employed men, say dock labourers, have been turned into five hundred fully-employed dock labourers and five hundred men employed elsewhere. If the men do not, and cannot, spite of all Labour Exchanges, find work elsewhere, this must be either because there is no work for them to do—*i.e.*, because the country is already more full of men than it can hold—or because they are inefficient.[1] On either of these last suppositions, de-casualisation becomes even more necessary than before. If the country is already more full than it can hold, *i.e.*, is over-populated, then it is a matter of crying urgency to replace every thousand half-employed men (all potential fathers of unnecessary families) by five hundred fully-employed men, and to leave for the others no choice but emigration. If the men are inefficient, *i.e.*, capable of working only occasionally and not often enough for a living, then they cannot safely be left at large to bring up in semi-starvation fresh generations of inefficients.

The foregoing argument no doubt sounds formal. Yet it is only the formal way of justifying the general principle which few would care to controvert—that on any view of society, one man well-fed and capable is preferable to two on half rations. Where, therefore, a system of employment is such as to keep two men perpetually half-employed though one regular man would serve, that system must in the public interests be changed. The change, beyond question, involves risk of hardship to individuals—just as does any other increase of industrial efficiency, any new machine and any improvement of business organisation. Its possible influence in displacing labour must be judged by the same canons. By raising the efficiency of each workman—each unit in production—it enables the same amount to be produced by fewer units. The change may threaten hardship to individuals,

[1] There is, of course, also the possibility that the country may be passing through a general depression of trade. This, however, being a temporary phenomenon, does not affect the argument. Of course a time of exceptional depression is just the wrong time at which to attempt de-casualisation.

and the case of these individuals must be borne in mind in making the change. The change itself cannot for their sakes be abandoned, nor is the difficulty caused by them anything more than that of a temporary surplus. To compare the case for de-casualisation to the case for new machines is indeed to omit one important qualification. The benefit of a new machine, going as a rule first to the employer, filters down gradually to the workmen and the general community; even the workmen retained may not get higher wages at all but may profit only later as consumers through the lowering of prices. The benefit of de-casualisation goes first to the workmen retained—in the substitution of regular for casual earning—and to the community thus relieved of a source of demoralisation; it filters through only in the second place to the employer through the improved quality of labour.[1]

The practical answer to the supposed objection is to be found in the manner of applying de-casualisation in practice. In the first place, the change could and should be made in a time of good trade rather than in one of bad trade, so as to give those displaced the chance of at once finding other situations; the Labour Exchanges which as centres of de-casualisation brought about the displacement would be the best means of hastening re-absorption elsewhere. In the second place, the change could and should be made gradually. There need be no visions of a vast unmanageable surplus thrown by de-casualisation upon the hands of the community at a moment's notice. De-casualisation, it may conveniently be noted at this point, implies something more than the mere provision of Labour Exchanges. It implies also a definite policy at those Exchanges of concentrating work on the smallest possible number instead of spreading it out over many men. The rate at which this concentration shall be carried out is very largely within the control of the Exchange. De-casualisation, in

[1] There can be no doubt that ultimately the organisation of the labour market must be beneficial to the employer in so far as it gives him better and more responsible service. Employing men casually he gets men who have perhaps had nothing to do and little to eat for some days, and who, knowing that their employment is casual, have little to gain by working hard or to lose by misbehaviour. Engaging men from an Exchange he may and, as the system develops, will get for his casual work men who have only just left a job elsewhere and who, depending for their regular livelihood upon the Exchange, will have a motive to do well. Casual employment, indeed, combined with payment by the hour, is a method almost ideally suited to discourage industry. The man taken on for one particular job and knowing that he is to be dismissed and no more remembered at its close can have no conceivable interest except that of lengthening the job as much as possible. "Ca' canny" becomes a common-sense policy for the individual needing no trade union to enforce it. *Cf. Unskilled Labour*, Report of a Special Committee of the Charity Organisation Society, Evidence, p. 105, for the opinion of a builder's foreman that his preference men worked better than the casual men, because they knew that even when the job in hand was finished they would almost certainly be taken on to another job.

other words, could, once the Exchanges were at work, be made to proceed as slowly or, within limits, as quickly as was desired. A great part of it would be accomplished by squeezing out the very lowest class of men who now live really on sources other than their own labour—upon their family or upon charity; the day's work that they now get once a week or once a fortnight, and that does them no real good, might go to some other man now getting three or four days a week and make for him all the difference between sufficiency and slow starvation. A great part again could be accomplished by squeezing out the highest class—the young and vigorous—who, if forced to it, might find other openings. Another part would consist simply of preventing any entry of fresh men to replace those who died. In the third place, since a great many of those thrown out, especially at first, would be men of a very low class, unfitted by privation and bad habits for immediate undertaking of regular work, it would be necessary to have available some form of training or convalescent institution where they could be dieted and disciplined into other ways. It would be necessary to have available also the means of emigration—much the surest, simplest and cheapest method at the moment for disposing of a genuine surplus of labour.[1] It would certainly be very convenient also and would disarm much opposition if at the time of de-casualisation some obvious fresh openings for labour—afforestation schemes and the like—were being started by public action.

The exact bearing of these last suggestions must be carefully noticed. Approval of training colonies, emigration, afforestation schemes and the like at this point in no way runs counter to the criticism of such proposals as remedies for unemployment at an earlier stage. The removal of individuals is no remedy for unemployment while the system causing unemployment remains—while, to take only the point immediately at issue, the casual demand of employers continues to collect casual reserves of labour. When, however, the system is being changed, when de-casualisation is turning part of the reserve into regular men and part into a sheer surplus (a fundamentally different thing from a reserve), then the removal of this surplus to newly created industries, whether in this country or in Canada, is just what is required. It meets the inevitable difficulty of transition. Its use and need, however, are simply subsidiary to the principal reform and are quite temporary. The surplus disengaged by de-casualisation has only to be absorbed once and for all; there will be nothing to collect a fresh body

[1] The possibilities of emigration have for the moment been enormously curtailed by depression in North America.

of the under-employed; there will simply be five hundred regular jobs filling up regularly as fresh men are required.

The policy of de-casualisation is supported by convincing analogies. If it is true, and undoubtedly within limits it is true, that a community can have as many paupers as it chooses to pay for, then it must be equally true that a community can have as many casual labourers as it chooses to pay for or to let employers pay for. If indiscriminate gifts of money breed a class of beggars, no less surely must indiscriminate doles of work breed a class living by such doles. There is no breach of continuity throughout the series from the beggar, through the pavement artist, the cab-runner, and the casual bag carrier, up to the dock labourer and beyond. Every argument that can be brought against casual relief applies with undiminished force to casual employment. The remedies to be applied in each case are the same in principle. The aim of the Charity Organisation Society to-day is neither more nor less than the de-casualisation of relief, the making of each temporary gift have reference to permanent needs, and be, not merely a support for the day, but part of a coherent scheme of adequate subsistence. The policy here proposed is the exactly corresponding organisation of employment. The attack on casual giving has failed, indeed, to a very large extent just because it has been an attack only on giving and not on employing as well. It may be true that a community can have as many paupers as it chooses to pay for. The obverse—that it can have as few paupers as it chooses to pay for—is not true, so long as industrial methods are tolerated which breed a half-employed class inevitably lapsing into pauperism in every depression and with advancing age.

Again, if the principle of the living wage means anything at all, it means not simply a certain rate of pay but also a minimum continuity of employment. The best rate per hour is a mockery unless the average number of hours per week and of weeks in a year keeps up to a certain level. The "docker's tanner"[1] to-day represents a tragedy of misdirected enthusiasm. Under-employment infringes upon the standard of life just as much as does under-payment; it is, indeed, only an indirect form of under-payment, a sweating by irregular earnings more disastrous than any sweating by low wages. The perception of this affords also the clue to a remedy. The rule has to be established that no man shall be engaged in a manner making under-employment possible, *i.e.*, that every man who cannot be guaranteed a reasonable sufficiency of earnings from one employer shall be engaged

[1] The 6d. an hour which was the object of the London Dock strike.

only from an Exchange in touch with many employers and able to organise for him a sufficiency under several in turn. The whole principle of factory legislation—the proscription of industrial methods disastrous to the souls and bodies of the workpeople—is at the back of this proposal. Every argument which can be used to justify the legal prohibition of under-payment[1] applies with undiminished force to the prevention of under-employment.

The de-casualisation of employment is thus at one and the same time an extension into the industrial field of the Charity Organisation principle which proscribes casual relief and a development of the trade union principle of the living wage. It may appeal to the Socialist as a part of that industrial organisation in regard to which academic socialism—national ownership of the means of production—is but a means to an end. It may appeal to the individualist, because by diminishing the chances of the labour market it gives more decisive influence to individual merit.

The principle is clear—that every man who cannot be regularly employed by one firm should be engaged only from an Exchange, should be one of a list common to many firms. The definition of the principle is all that lies within the limits of the present discussion. Whether the use of Exchanges should be voluntary or compulsory, whether they themselves should be set up by public authority or by industrial associations, are questions which may for the moment be left on one side. The practical application of the principle involves, no doubt, some system of public Labour Exchanges to cover the large amount of ground which will certainly not be covered in any other way. It admits, however, also of all kinds of private and sectional experiment—of common lists set up by voluntary co-operation of employers, of trade union registration, and much besides. The principle is universal; the practical application of it may be infinitely varied. It must indeed be varied to meet the case. Casual employment is no local disease; it is found in all towns and to some extent in nearly all trades. Nor is it one type of employment rigidly cut off from other types.

Casual employment in all its varieties and its ubiquity is but the acute form of a general phenomenon. So de-casualisation is only a special form of labour market organisation. The under-employment of the dock labourer is paralleled by the constant

[1] On 21st Feb., 1908, a Sweated Industries Bill to establish wages boards with compulsory powers obtained its second reading without a division and in an almost unanimous House of Commons. Both the economic objections to compulsion in this case and its administrative difficulties are incomparably greater than they would be in the case of under-employment. What the casual labourer loses by irregularity no man really gains; he is not cheap labour but dear labour.

leakage of employment and earnings affecting substantial minorities in nearly all occupations, skilled and unskilled alike. The excess of individual dock labourers above the number ever required at any one moment is paralleled by the irreducible minimum of unemployment in the trade unions. The problem in the trade unions and even among the skilled men outside them is not as a rule urgent, simply because the wages are as a rule high enough, particularly when spread out through unemployed benefits, to allow for an ample margin of idleness. The problem, however, differs only in degree not in kind. The crowding of the labour market is common to the highest and the lowest ranks of industry, and in all ranks arises from the same central fact—the division of the total demand for labour in fluctuating proportions between different employers and different districts. In all trades there is, just in proportion as the market is unorganised and labour immobile, a possibility and a tendency for fresh men to enter under the influence of local developments at one place though men of the trade are standing idle elsewhere. The dissipation of the demand actually increases its effectiveness in producing a supply. The concentration of the demand at common centres is required in order to bring about the recruiting of trades in accordance with their real growth, not by local accidents, and to give to employment in each occupation as a whole something of the continuity and the orderly progression which characterise employment in a single large undertaking. This is simply the dynamic aspect of the change which has already been considered statically and with reference to one extreme form of overcrowding, under the title of de-casualisation.

Some measure of protection for those within a trade or district against the competition of those outside is an essential, if somewhat paradoxical, consequence of a system of Labour Exchanges. The aim of such a system is, not simply the fluidity, but the organised and intelligent fluidity of labour—the enabling of men to go at once where they are wanted, but at the same time the discouraging of movement to places where men are not wanted. The organisation of the labour market for a trade or district gives the men of that trade or district the first call upon all the work in it which they are competent to perform. It enables them to satisfy at once demands which if there is any delay may be satisfied not by them but by the recruiting of an outsider.[1]

[1] Suppose, for instance, that the labour market for London carmen were completely organised, *i.e.*, that all carmen out of work registered at once at an office to which all vacant situations were at once reported. Then any vacancy would naturally be filled from that register, *i.e.*, so long as any competent London car-

Special Uses of Labour Exchange Organisation.

The organisation of the labour market has now been considered with special reference to casual employment and generally with reference to the normal crowding of occupations. These were the factors in unemployment forming the principal theme of Chapter V. There are, however, other factors in unemployment. The bearing of Labour Exchanges on some of these must be noticed.

First may be mentioned seasonal fluctuations. Here, in so far as seasonal fluctuations tend to affect the whole of each trade simultaneously, there is no room for transference of men from one employer to another in the same trade. In so far, however, as the seasonal fluctuations of different trades differ in point of time there is room for a transference at least of the low-skilled and unskilled men. A good deal of movement does in fact now take place; resort to the gasworks or the docks in winter by brickmakers or builders' labourers is not uncommon. A great deal more movement might no doubt be made to take place. The organisation of the labour market might, indeed, bring about an extensive dovetailing of winter and summer occupations not distinguishable in principle from the dovetailing of irregular jobs which is the essence of de-casualisation, and involving of course the same incidental difficulty—the displacement of some men altogether. Two men, one working at the docks in the early winter and tramping idly in the summer, and one working as a builder's labourer in the summer and starving or doing "useful" relief work in the winter, would be replaced by one man doing necessary work all the year round. How far the process of seasonal dovetailing could be carried is uncertain and must remain uncertain till it is attempted in practice. Building, with all the country occupations—harvesting, fruit-picking, hopping—on the one hand, and the gas-works, the docks, and all the exceptional Christmas demand in the Post Office, in shops and elsewhere, offer ample material for a start.

Second may be considered the changes of industrial structure which displace men from their chosen occupations. Here the function and need of labour market organisation are obvious. If the community is under an obligation to take thought for men thus "sacrificed to the gains of their fellow-citizens and of posterity," it certainly does not fulfil that obligation by provid-

man remained unemployed there would be no opportunity for any outsider to get employment. As it is, of course, the London employer, not being able to lay hands on the London carman, may bring one up from the country and thus glut the market.

ing them with sixteen weeks of relief work. Men who by a new machine or method have been driven from their established livelihoods are not at all in the position of those who are suffering from temporary depression; they need, not support during a crisis, but guidance to new occupations. It is, indeed, often merely for want of guidance that men under such circumstances go under completely. The longer they have been in one occupation the less do they know of how to find work outside it. They may be men of sterling qualities such as many an employer would welcome, yet outside their own trade, which has come to an end, they have no idea of how and where to look for employment and make their qualities known.

It would, however, be idle to suggest that ignorance of where to look for fresh employment is the one thing that hinders the re-absorption of those who have been displaced by industrial changes. There is commonly added also the disability of age. Men are apt to be thrown out when they are already stiff with years and habits, unable readily to learn new ways and still less able to commend themselves for trial by strange employers.

Here is yet a third factor in unemployment, and perhaps in some ways an ultimate one. Yet even here, though the Labour Exchange alone may not serve, the Labour Exchange governed by a definite policy may reveal unexpected capacities. In any large single undertaking, *e.g.*, a railway company, there is always a certain number of old men's places—light situations—kept for those who have grown grey or become injured in the company's service. In industry as a whole there are no doubt also a good many such places, yet nothing to keep them for those whom they best fit. Work which older men could do, now, perhaps, by the chances of the labour market, falls to younger men and wastes their youthful vigour and adaptability. A Labour Exchange backed by sympathetic public opinion might do much to get all the old men's places for the older men and leave to the younger generations the task of finding and forcing fresh openings for themselves.[1] It should be noted that, though "old" men's places are spoken of, the actual men would often be at most middle-aged, and with a long character to back them might be just those whom an employer would in any case choose if he got to know them.

Fourth, and following upon the problem of age, comes the

[1] It may be noted here that some of the most important German Labour Exchanges, without in any way forfeiting their character as business organisations, make a special point of finding places for old and enfeebled workmen who are yet capable of doing something.

problem of youth—the factor in unemployment represented by deficiencies of industrial training. A great deal of attention has been devoted to this matter in recent years, and a great variety of proposals for its treatment have been put forward. There is even a tendency in some quarters to look to improvements of industrial training as the principal remedy for unemployment. This view can only be explained by an inadequate examination of the problem. It seems to be based, in part at least, on a mistaken interpretation of Distress Committee experiences. It ignores the striking facts of industrial fluctuation, and the reality of the demand for casual labour, just as many of the proposals based on it ignore the gulf which separates modern from mediæval industry. At the same time it points to a real defect in existing arrangements. There can be no question but that unemployment to-day is swollen as a consequence of some of the conditions of youthful labour. In any thoroughgoing attack upon unemployment there must be included, on the one hand, the better guidance of boys and girls in the choice of careers, and, on the other hand, the extension of industrial training. It will be seen that each of these proposals in its various aspects either presupposes or would be enormously assisted by the organisation of the labour market.

The better guidance of boys and girls in the choice of careers may be said to have three main objects. The first is the adjustment of individuals to the sort of work which suits them—the fitting round boys into round holes, and square boys into square holes. The haphazard methods of to-day leave ample room for individual maladjustment, involving sometimes waste of abilities and sometimes failure and unemployment. The second object is the adjustment of the general flow of labour as between different trades. Now some trades may be starved for labour while others are glutted; the notorious temporary prosperity of some particular class of workmen may continue to attract recruits long after the prospective demand is fully satisfied. The third object, which is really only a special development of the second, is the discouragement of one particular sort of employments, the "blind-alley" employments which necessarily set up a fresh point of stress in industry—the transition to a new occupation at manhood—and are sometimes positively demoralising as well. These being the objects, how are they to be obtained?

The guidance of boys and girls in the choice of careers means simply the extension of labour market organisation in connection with the schools. It means substituting for the haphazard entry into industrial life—the taking of the first job that offers—entry informed by wider knowledge of possibilities and prospects.

Moreover, in order to be effective this guidance must be fairly general. It implies a juvenile Labour Exchange dealing with a substantial portion both of the supply of and the demand for boys and not one starting out with the idea of rigidly proscribing all but the best employments. No general effect can be produced by sending a few selected boys to the best employers and ignoring all the other employers. The latter simply get their boys in other ways; the evil is ignored not cured. So long as "blind-alley" openings for boys are not absolutely illegal—which they never can be—the choice of them can only be discouraged generally by bringing them into direct competition with better openings at a general Exchange. A boy choosing a career now often becomes a van-boy without ever having any idea that better careers are possible. If he came to an Exchange he might still become a vanboy, but he would at least learn that other occupations existed, and he might be advised—he could not be compelled—to choose them.

The improvement of industrial training may affect unemployment in two ways. First, the forcing up of as much youthful labour as possible into skilled occupations is required to allow for the inevitable gravitation downwards of labour at all later ages. Men displaced from skilled work by misfortune, depression or changes of industrial structure may take to unskilled work; the opposite process is substantially impossible. This fact implies a constant tendency for the unskilled labour market to be relatively overcrowded. The compensation for it must be found in an effective system of technical education—a force-pump to raise the level from which men start. Second, the diversion of as much youthful, *i.e.*, adaptable, labour as possible to new and growing trades is required, both to facilitate industrial development and to secure the older men in their established livelihoods.

Each of these requirements involves, of course, much more than labour market organisation. Yet each stands in the closest relation thereto. Technical education, for instance, needs to be guided by accurate knowledge of industrial conditions. Not all forms of skilled workmen are in demand at any time. Skilled occupations may decay and change like any others. Nothing can serve so well to give continuous, automatic and general information about the nature and tendencies of the demand for labour as can a connected system of efficient Labour Exchanges. Again, it is utterly impracticable to teach all men skilled trades or even to proscribe absolutely all "blind-alley" employments. To cut up industry into water-tight compartments, insisting that every occupation should be self-contained and self-supplying from start to finish, each with exactly identical proportions of boys to

men, would be to impose restrictions altogether out of accord with economic tendencies and not really necessary to meet the case. There are unskilled occupations, *e.g.*, builders' labouring, with very little room for boys at all, and quite ready to take in at eighteen or twenty those who have up to then pursued a "blind-alley" occupation. Practically therefore it must be sufficient to insist, not that every youthful worker should be learning a trade, but that he should be learning something—to keep his intelligence alive and growing.[1] With this must go on the one hand a discouragement of "blind-alley" occupations (by spread of information as to other possibilities) and the facilitation—through Labour Exchanges—of the transition at manhood from one employment to another, wherever transition of some sort cannot be avoided.[2]

Improvement of the conditions of youthful labour would, however, not only be in various ways assisted and made more effective by organisation of the labour market. It is at bottom identical in principle with this organisation and a necessary complement to it. Apart from the general fluctuations of industry—seasonal and cyclical—unemployment is simply a matter of local and qualitative maladjustment. Throughout a period of rising demand for labour men may be unemployed because they are not in the right place or not of the sort required. They lack mobility or adaptability or both. Mobility may be given by Labour Exchanges. Adaptability is partly a matter of education,

[1] The suggestion of compulsory continuation schools is supported by the example of Germany, where in twenty-one out of twenty-six constituent parts of the Empire, containing all but one forty-sixth of the total population, attendance at continuation schools is made compulsory for varying periods after the termination of the ordinary school course.

[2] Yet one point of some importance has to be mentioned. Even when it is clear that an occupation is with reference to the future a "good" one, there are often great social difficulties in getting boys to choose it rather than one that is bad. For very obvious reasons the commencing wages tend to be higher where a boy is merely a wage-earner than when he is learning. He is engaged upon simple light work where he acquires his full value at once; there are as a rule no expensive tools or materials which he is likely to damage in learning their use; he is not occupying the time of a teacher. The "blind-alley" occupation, therefore, very commonly offers to the boy, or rather to the boy's family, considerable immediate advantage in wages over an apprenticeship; perhaps six or eight shillings a week as against two or four. Where, as in all really poor families, the earnings of the elder children are an integral and long-expected part of the general income it is only natural that such a difference should be decisive. Thus poverty perpetuates itself. In a docker's family the children have to take the first job that offers on the day that they are fourteen. If on the day after they hear of another job, paid a shilling a week more, they must take that without further inquiry as to the ultimate prospects. The mother, who has the deciding of these things, in nine cases out of ten has no knowledge of better openings; if she had, she might still choose the worst rather than let the younger children go hungry. The children of the casual labourers of to-day become thus the casual labourers of to-morrow. The de-casualisation of adult labour is necessary to prevent children growing up under conditions which make any choice of occupations impossible.

but in much larger part simply the natural possession of the young, and should be used in them for meeting new and unfamiliar demands. It is waste of qualities to let a boy from school do anything that an older man could learn to do—waste resulting both in the unemployment of the older man and the holding back of some new industry.

Fifth, it may be asked, what the organisation of the labour market would do for the unemployable. The answer is, that by regularising employment it would sift them out of the industrial world altogether. De-casualisation would gradually make it impossible to live by working two days a week and lying in bed for the rest, or by being "weeded out" for incompetence on one building job after another. The work lost by these men—the unemployables on the fringe of industry—would go to make up a reasonable subsistence for others. These men would be left for disciplinary or hospital treatment under the Poor Law.

Sixth and last, an aspect of labour market organisation has to be mentioned, lying perhaps a little apart from the present subject but of fundamental importance. This is the function of an efficient Labour Exchange in affording a direct test of unemployment. The central problem of the Poor Law is to relieve without relieving unnecessarily. The only principle on which it has hitherto attempted to secure this is the principle of deterrence—the making of relief so repellent that men might be presumed to have exhausted every other resource before they would accept it.

Deterrence is, in fact, in regard to the able-bodied, an indirect test of unemployment; unless they are really unable to obtain work they will not accept relief under harsh conditions. To deterrence the Labour Exchange offers an alternative and a supplement. If all the jobs offering in a trade or a district are registered at a single office, then it is clear that any man who cannot get work through that office is unemployed against his will. He may be relieved without deterrence, yet without any fear that he is being relieved when he could get work, or is being drawn needlessly from industry to pauperism. So long as the community leaves the search for employment to individuals, it must put pressure on them to continue the search—by giving public relief only under harsh, degrading or otherwise repellent conditions. Even then the community is entirely at the mercy of the individual's ignorance; it may be relieving him though there is work if he only knew where to find it. Still more is it at the mercy of the individual's increasing callousness. The defect of deterrence in every form is that its effect weakens with familiarity—the much-whipped schoolboy gets

hardened to whipping, the criminal to prison fare, the vagrant to the bath and plank bed of the casual ward. So soon, on the other hand, as the State itself undertakes the search for, *i.e.*, the registration of, employment, it is on the way to get all and more than all the security it had before against unnecessary pauperism. It can with perfect safety help the unemployed more freely because it knows that so soon as work is to be had it will have notice thereof and be able to hand on the notice to those who are being relieved. The Labour Exchange thus opens a way of "dispauperisation" more humane, less costly and more effective than that of the "workhouse test"—the way of making the finding of work easy instead of merely making relief hard.[1]

The object of labour market organisation is the close, continuous and automatic adjustment of existing demand and supply over the largest possible area. The weakness alike of theory and practice in regard to unemployment in the past has been the assumption that this adjustment was already substantially secured; in other words, that the force of friction might be neglected. The demand for labour has been taken for purposes of argument as if it were single and concentrated; the supply of labour as if it were infinitely mobile and adaptable. The demand is, in fact, broken up by distinctions of place and quality, and subject to perpetual change and fluctuation. The supply is rendered immobile by ignorance and less adaptable by every year of age. Adam Smith and his followers were right in emphasising the mobility of labour as a cardinal requirement of industry. The practical application of their teaching has been inadequate because it has been confined to abolishing visible and legal obstacles to motion, such as the laws of settlement and of apprenticeship. It has left untouched the impalpable but no less real barriers of ignorance, poverty and custom. If friction and the waste involved in friction are to be eliminated from the labour market, there must be, not mere absence of legal obstacles, but organised and informed fluidity of labour.

Friction again is equally real and wasteful whether it takes the form of a visible delay in production or the form of a requirement of excessive reserves of labour. A Labour Exchange

[1] It is not suggested here that the whole principle of "deterrence" can ever be dispensed with in regard to the able-bodied. That principle serves not only to drive men to work but also to drive them to make personal provision for their unemployment, sickness, etc. It is, however, suggested that the Labour Exchange test may ultimately be made the basis of a relief system, whether or not it is supported also by a modified deterrence. It is to be noted that the policy here suggested is already in full operation in Strassburg (*cf.* Appendix A).

is as much needed in those occupations where employers never have to wait for men as in those where they sometimes have to wait; it aims, not at supplying more workpeople, but at supplying them by a less wasteful method; its object is, not to enable employers to produce more rapidly, by avoiding delays for men, but to enable them to produce either more rapidly or as rapidly with smaller, because more mobile, reserves of labour.

A more mobile reserve is, of course, a more efficient reserve. The organisation of the labour market may be treated as first and foremost a means of increasing industrial efficiency. In the stereotyped and local industry of the middle ages the workman had one function—to do the work that came to him to do. In the flux of national industry the modern workman has two functions—to work and to be perpetually finding and following the market for his labour. It follows that the less time and energy he spends upon this second function, the greater will be the time and energy he has free to devote to the first function. He will be more effective as a workman the less he is a mere seeker for employment. Herein lies a fresh clue to a difficulty already considered.

The increasing of individual efficiency is desirable whatever view be taken as to the general relations of population and industry. If the country is not yet becoming over-populated, then to get the present volume of work done by a smaller body of labour is to release the residue for fresh developments. If the country is in danger of over-population, then the forcing up and holding up of the standard of individual efficiency and production must be the corner-stone of social policy. The danger of over-population is simply that of a diminishing return to each fresh unit of labour—a multiplication of the people forcing a progressive lowering of standards. The only safeguard against this danger must lie in insisting that standards shall not be lowered—that fresh supplies of labour shall not be taken up by industry unless there is room for them without diminishing the average room for all.

Yet, in truth, to meet such a supposition at any length is a work of supererogation. All the evidences justify the view that in this country at least labour is still an asset not a liability; that the return to it and the demand for it will rise in the future as they have risen in the past; that the sphere of industry, so far from having lost, except for the moment of depression, its elasticity, would expand yet more rapidly to more vigorous pressure from within. This has now to be inferred as a rule from general statistics; it cannot be seen in detail because we

lack points of observation. Yet somewhere at all times fresh men are being absorbed in industry; somewhere, almost certainly, there are, at normal times and perhaps even in times of depression, places where more hands are wanted than can be had, unsatisfied demands for labour, industrial developments consciously or half-consciously held back for want of men. These unsatisfied demands are, of course, often of little use to the existing unemployed. Industry will not absorb all and sundry but only those who fit or can be made to fit the new forms of its growth. These are predominantly the rising generations. The broad principle of social policy thus emerges—to keep those in an established trade in constant touch with all the work of that trade, and thus to place upon the young rather than on the old the burden of finding and forcing the fresh openings which expanding industry is always offering for labour.

CHAPTER X.

PRINCIPLES OF FUTURE POLICY.

II. The Averaging of Work and Earnings.

The averaging of work and earnings. Elasticity of working hours. The example of coal and cotton. Unemployed insurance. The example of the trade unions. Expenditure on unemployed benefits. Cost per member per week. Flexibility of the provision made. The burden of unemployment borne by the trade as a whole. Foreign examples. The German report. Value of the method of insurance. Possibility of extension depends upon test of unemployment.

Minor and collateral measures. Systematic distribution of public work on business lines. Elasticity of wages. Absorption of temporary surplus. General progress. Poor Law Reform. The principles and functions of public relief.

When all has been done that can be done to organise the labour market, many further measures will still be needed. The problem of cyclical fluctuation will not have been touched directly at all. The problem of seasonal fluctuations will have been affected only to a small extent by the extended and organised use of subsidiary trades. The incalculable changes and irregularities of economic conditions will still make nearly all men insecure. No amount of Labour Exchanges can guarantee that every man falling out of one job shall at once find another job suited to his powers.

The need for further measures must be fully recognised. The consideration of those measures in this chapter may, however, be premised by two general considerations. First, though the organisation of the labour market can have no direct influence upon cyclical fluctuation and certain other factors in unemployment, it may have, and indeed is certain to have, a very important indirect influence on the degree and volume of distress involved in these factors. De-casualisation will reconstruct the whole conditions of life in the lowest ranks of industry, sifting out for remedial treatment a certain number who are unemployable, and forcing up the level of all the rest. It will replace the casual class—always on the verge of distress, always without reserves for an emergency—by a class for whom the words foresight, organisation and thrift may represent not a mockery but a reality. Exceptional depression of trade, therefore, will far less certainly mean acute or immediate pistress. Second, unemployment itself must be accepted as in

some degree inevitable. The influence of seasons will survive any change of human institutions. Cyclical fluctuation, if the hypothesis put forward in an earlier chapter be correct, will survive any change which does not threaten the very principles of industrial growth, and is in any case quite certain to recur for many decades to come. Changes of structure also are inevitable unless industry is to become stereotyped and unprogressive. Finally and quite generally, so long as the direct demand for labour remains distributed between and dependent upon the fortunes of a host of individual employers, the demand may in certain times and places fall out of perfect adjustment to the supply; the vicissitudes of the numberless separate groups of producers means insecurity for the individuals composing those groups. They are constantly passing from one group to another; it will always be possible for an individual to fall out of one group without immediately finding another to receive him. To a very large extent therefore it must suffice to aim at preventing, not unemployment itself, but the distress which it now involves. This, indeed, is the aim of the two principal measures now to be suggested—elasticity of working hours and insurance against unemployment.

Elasticity of working hours means that the reserve power to meet growth in the demand for labour should, up to a certain point, be found rather in the ability of the men engaged to work longer, than in the presence of unemployed men standing ready to be employed. Conversely it means that the loss of employment due to a diminution of the demand should by a reduction of hours for all be spread over the whole body of men instead of being concentrated, by complete dismissal, upon a few.

This method of meeting fluctuations is, of course, by no means unfamiliar. It is found very completely developed in coal-mining, where, according to the state of trade, the pits remain open for varying numbers of days each week. The actual fluctuations to be met are very considerable. Thus for 1895, 1900, 1905 and 1907 respectively the average number of days worked at all the coal-mines making returns were 4·74, 5·47, 5·03 and 5·51 respectively. In other words, they were in turn 79, 91, 84 and 92 per cent. of the theoretical maximum of six days a week. The fluctuations, however, being met in the manner indicated, involve hardly any dismissal of individual workmen and therefore substantially no acute distress.

In this respect coal-mining occupies the premier position. Many other industries, however, apply the same method less completely. In ironstone mining, for instance, there is also a

considerable fluctuation in the length of the working week. At iron and steel works it is the number of shifts rather than the number of days that varies. In quite another industrial field—that of cotton spinning—the working of short time during depression has become a regular practice organised and advised by the employers' associations.[1] The same plan is less completely carried out, usually by individual rather than by organised action, in the other principal textile industries, and outside them in a great variety of trades and branches of trades.[2] Even in building a similar device exists in the differentiation of winter and summer hours; to the extent of this difference the loss of wages through winter slackness is spread over the whole trade in exoneration of individuals.

The more general application of this method is obviously to be desired. It is above all suited to those definite and general contractions in the demand for labour which have been considered under the title of cyclical fluctuation. The difference between a ten hours' and a nine hours' day, for instance, would, other things being equal, carry off a depression of 10 per cent. The difference between ten and eight hours would carry off a depression of 20 per cent. Except in one or two industries depressions hardly ever reach this magnitude. As measured by the general unemployed percentage the deepest depression ever recorded—that of 1879—represented a fall of only 10 per cent. from the most prosperous of the years before.[3] As measured by statistics of production or consumption of raw materials per head of population the most marked contractions since 1880 have been:—

[1] The method was applied with notable success in the very severe depression of 1903-4. In May of the earlier year the Federation of Master Cotton Spinners passed a resolution to close their mills during the whole of Whit week and on every Saturday and Monday from 27th June onward. The effect was to reduce the normal week from 55 to 40 hours. This first period of short time ended in the autumn of 1903, but after a short interval of slightly improved activity short time was re-imposed in the spring of 1904 and lasted till September or October, when the depression gave way to extreme prosperity. During part of the latter year the reduction of hours was less than that just stated, *i.e.*, to 47½ not 40 hours per week.

[2] There is of course hardly any important trade—except perhaps shipbuilding—in which short time is not occasionally applied to avoid the dismissal of workmen. Thus in the *Labour Gazette* for October, 1908, short time was reported in many branches of the engineering, miscellaneous metal and cutlery, linen, jute, hosiery, silk, carpet, dyeing, leather, printing, glass, pottery, brick and tile, boot and shoe, and hat trades. There is, however, a great difference between the practice of occasional short time by individual employers and the organised methods of the cotton and coal trades.

[3] This figure, it must be admitted, has only an illustrative rather than a scientific value. On the one hand, it takes no account of short time—reckoning all as employed though they might only be half-employed. On the other hand, it is based to an excessive degree upon returns from some of the most fluctuating industries.

Coal Production, 100 to 87 [1891 to 1893].
Pig-iron Production, 100 to 79 [1883 to 1886].
Raw Cotton Consumption, 100 to 86 [1899 to 1903].

Only in shipbuilding are the changes altogether greater. The years 1883 to 1886 witnessed a falling off in the tonnage built from 769,000 tons to 293,000, or, allowing for growth of population, as from 100 to 37. From 1892 to 1893 there was a fall from 100 to 70.

It is not, indeed, suggested that a general eight hours' or six hours' day in slack times should be imposed by direct legislation. The matter is certainly not now one for legislation, even if it ever can be. It is one for the associations of employers acting in agreement or in sympathy with the associations of workmen, and it is a matter for each trade more or less by itself. It will be found probably that in some trades organised short time is impracticable; in others that it would increase merely the length of the job, not the numbers whom it was possible to employ; in others that it would add excessively to the cost of production.[1] All these considerations must make procedure tentative. Yet there can be little doubt that a large field for reform in this direction lies open, if once the principle of elasticity in working hours be accepted by the great industrial associations.[2]

The principle of elasticity in working hours, it will be noticed, implies a sharp distinction in policy between times of good and times of bad trade. In the former it is desirable to concentrate the work as much as possible so as to avoid drawing men into the trade who are certain to be unemployed during a depression. In the latter it is desirable to spread the work so as to keep together and out of distress the men who will be required with any return to prosperity. Half-employment as a normal condition is nothing but bad; as a method of meeting an emergency it has everything in its favour.

[1] The question of cost depends upon a great variety of considerations—standing charges, the keeping of a skilled staff together, etc., etc. As a rule, short time develops most naturally in piecework trades. Where payment is by the hour an employer might lose through adopting short time instead of dismissing some altogether, for he would be keeping good, bad and indifferent, whereas now he selects the least efficient for dismissal. On the other hand, he might gain by cutting off the hours during which least was done or during which he had extra charges for lighting and heating.

[2] It is to be noted that elasticity may be attained, not only by short time in depressions, but by overtime in years of exceptional activity. Trade unions have of course rather a tendency to oppose or limit overtime under all circumstances. Yet it is clearly better for them, as for the whole industry, that some of those in it should work longer to meet an exceptional demand than that fresh operatives should be recruited who must inevitably glut the market so soon as trade becomes slack or merely normal.

The definite and obvious depressions induced by seasonal changes in some trades and by cyclical fluctuation in most trades may in time be dealt with more and more by making working hours elastic. There is needed, however, also some other method applicable both to general depression in trades where organised short time proves impossible and to all the incalculable varieties of individual misfortune. This, it is here suggested, is to be sought in some form of insurance against unemployment.

The term "insurance" in this connection cannot be used as a term of art. It must be taken to apply loosely to any process whereby each of a number of workmen sets aside something of his wages while earning, in order to obtain an allowance in case of unemployment. It need not be taken as excluding the possibility of grants to the insurance fund from other sources.[1] Its essence is for the individual workman an averaging of earnings between good and bad times, and for the body of workmen a sharing of the risk to which they are all alike exposed.

In this looser sense insurance is already one of the most important methods of dealing with unemployment. It is found, that is to say, in the form of benefits paid by many trade unions to their unemployed members. These benefits, as has been stated,[2] are of two principal types—the stationary or unemployed benefit strictly so called, and the allowance given to assist travelling in search of work. Some unions give travelling benefits only; this is particularly common in many branches of the building trade.[3] Others give a stationary benefit only. This is typical of strongly localised societies such as some of those in textile trades. More commonly both benefits are given, or one and the same grant may, with slight differences of form, be used for either purpose.

In the present connection it will be sufficient to consider solely or principally unemployed benefits strictly so called—that is to say, the weekly allowances paid by unions to their members at the place of unemployment. These vary greatly from one union to another both in amount and in duration. At the one end of the scale comes the Amalgamated Society of Gasworkers, Brickmakers and General Labourers, with an allowance of 6s. a week for four weeks in any fifty-two. This appears to be the only important labourers' union making provision of the kind. At the other end are the wealthy organisations in the highly skilled trades. The London Society of Compositors grants 14s.

[1] These make the process strictly one of "assisted insurance" as in the various foreign schemes mentioned below.

[2] P. 16.

[3] A short description of the system of travelling benefits is given in Appendix B Methods of Seeking Employment in Great Britain.

a week for twenty weeks in each calendar year as a minimum, and generally extends the period by special vote to thirty or more. In 1904 and 1905 the period was in each case thirty-eight weeks, so that as much as £26 12s. could be drawn by a single member. The Amalgamated Society of Engineers has a sliding scale. Members over ten years' standing can draw 10s. a week for fourteen weeks, 7s. for thirty weeks, and thereafter 6s. so long as unemployed. Members in the lowest section, *i.e.*, of less than five years' standing, may draw 10s. for fourteen, 7s. for fourteen and 6s. for another twenty-four weeks. The National Flint Glass Makers Society gives allowances ranging from 10s. downwards for a period of two years in all cases, and thereafter 2s. a week (the amount of the contribution) indefinitely to members of fifteen years' standing. Between the two ends of the scale is to be found every variety of amount, period and conditions. Every trade has its own characteristic forms. The textile unions, for instance, confine themselves commonly to payment for breakdowns and fires. One or two painters' unions give an allowance only during December, January and February. Apart from these, the carpenters and plumbers stand almost alone among the building operatives in making any stationary allowance at all. The treatment of those who have drawn the whole benefit is also very various. In some cases, *e.g.*, the London Compositors, men may start afresh and draw the full amount each calendar year. More often a substantial interval has to elapse between drawing the full amount and claiming again; in a fair number of cases it is laid down, as an obvious precaution against letting the union become saddled with "unemployables," that during this interval the claimant must have worked for a stated period at his trade. With all this variety two general observations may be made. First, the allowance is never by itself adequate for the maintenance of a family. The highest rate per week for ordinary unemployment appears to be the 15s. paid by the Amalgamated Society of French Polishers, though one or two textile unions pay more for breakdowns. The most common rates are 10s. or 12s. to start with and less in subsequent periods. Second, the duration of the allowance is often very considerable. Of the forty-four "principal" unions outside the cotton trade paying unemployed benefit in 1899, twenty-seven made allowances for twenty consecutive weeks or more.

The expenditure involved is very considerable. During the ten years 1898-1907 the 100 "principal" unions, having a membership in 1907 of 1,457,856, or 61 per cent. of that of all unions, spent over four million pounds in assisting their

members when out of work.[1] This sum was 23 per cent. of their total expenditure for all purposes during the same period.

The amount spent in each year varies of course with the state of trade. For the 100 "principal" unions in question it ranged from 3s. 2¾d. per member in 1899 to 11s. 1d. in 1904. For individual unions the changes are often very remarkable. The Associated Blacksmiths' Society, for instance, in 1889 spent £234, or 2s. 3d. per head, on unemployed benefits. In 1894 it spent £3,728, or £1 11s. per head. The Associated Shipwrights' Society in the three good years 1899-1901 spent £2,685; in the three bad years 1903-1905 spent £25,081. The average expenditure per head of membership entitled to this benefit was in 1899 1s. 1d., in 1904 19s. 1d. The Amalgamated Society of Carpenters and Joiners in 1899 spent £15,341, or 4s. 11½d. per head, on unemployed and travelling benefits. In 1904 the corresponding expenditure for this one union amounted to £90,814, or 25s. 8d. per head.

The system of trade union benefits thus briefly described probably does more than any other existing agency to provide against distress through want of employment. It does this without injury to self-respect and at a cost which in comparison to the effect produced is extremely small. It has the outstanding merit of flexibility. By substituting collective for individual saving it shifts on to each trade as a whole, part of the burden of the necessary margin of idleness. These points may be taken briefly in order.

The effectiveness of the system is to be judged by the fact that members of unions paying any substantial unemployed benefit are hardly ever to be found among the applicants to Distress Committees. The allowance given is not, indeed, in itself adequate. It has to be supplemented and does get supplemented by the earnings of wife and children, by private saving, by assistance from fellow-workmen and neighbours, by running into debt, by pawning and in other ways. It serves, however, as a nucleus. It keeps the rent paid. In practice it prolongs almost indefinitely the resisting power of the unemployed. Since it does this at a cost of only 10s. to 12s. a week it is, in proportion to the results achieved, extraordinarily cheap.

This may be shown from another point of view by estimating the average expenditure on unemployed benefits per member insured. The figures for a few of the most important unions are

[1] Practically the whole of this expenditure is attributable to about 80 unions, the remainder giving no unemployed benefits at all or only in one or two years out of the ten.

as follows. In the Amalgamated Association of Cotton Spinners during the ten years 1895-1904 the average cost of unemployed benefits was 7d. per member per week, but this as a sustained rate is somewhat exceptional. In the Friendly Society of Iron-founders during the same period the average was 5¾d., and in the London Society of Compositors 5½d. In the Amalgamated Society of Engineers it was 3½d. and in the Amalgamated Society of Carpenters and Joiners as low as 2½d. These figures for two reasons fail to represent the full cost of the insurance system—first, because they include nothing for administration; second, because they are based upon total membership and not strictly on the membership entitled to benefit. In none of the societies named, however, is this latter error an important one. On the other hand, all of them are societies with a liberal scale of benefit and subject to great fluctuations of employment.

The method of insurance is flexible as no provision of relief by employment can be flexible. No temporary or accidental stoppage is too small for it. The machinery of assistance is always ready; so soon as a man becomes unemployed, from whatever cause,[1] he has only to begin signing the vacant book in order to become entitled at once or in a few days to an allowance. On the other hand, the severest depression of trade is hardly too great to be dealt with in this way. The relief once begun can be and practically is continued for the great bulk of men so long as proves necessary. This flexibility is strikingly reflected in the figures already given of the contrasted expenditures in good and bad years.

The method of insurance throws upon each trade as a whole the burden or part of the burden of its margin of idleness. Unionism substitutes the collective for the individual consciousness, and thus enables the risk of unemployment in all its forms to be appreciated as a normal incident of industry. The individual finds the risk very hard to appreciate and still harder to provide against. He may expect and allow for occasional loss of earnings through bad weather or ill-luck or in passing from one job to the next. He may expect and allow for seasonal fluctuation. Cyclical fluctuation stands practically on a different footing. It comes at far greater and less regular intervals; it lasts, not for weeks, but for months or years. Moreover, it tends to strike always the older or weaker members of a trade. In the strength of his youth a man may pass unscathed through two or three depressions, to be thrown out by the next when

[1] He has, of course, as a rule to satisfy his branch that his unemployment is involuntary and not the result of gross misbehaviour.

he is forty years old and more. In the life of the individual exceptional depression appears often as a unique disaster. In the life of a great organisation, such as the Amalgamated Society of Engineers, exceptional depression is but the downward phase of cyclical fluctuation—a phenomenon impressive and familiar, writ large in the records of recurrent increase of the unemployed percentage, recurrent pressure on the funds, recurrent decline or stagnation of membership. For such an organisation the provision of unemployed benefits becomes provision against an absolutely certain danger. Appreciation of this certainty reacts on wages. To keep its members together the union helps them when unemployed; it must therefore hold out for wages sufficient to cover the heavier subscriptions involved.[1] In the shape of these higher wages it transfers on to the trade as a whole the burden or part of the burden of unemployment.

Unfortunately the application of the system is at present very limited. The 650,000 men covered by the *Labour Gazette* returns of unemployment probably include the great bulk of those who are at all effectively insured against unemployment. The other two-thirds of the trade unionists have no system of benefits. Outside the trade unions insurance is unknown.

Clearly, indeed, in this particular field of activity trade unions possess certain natural advantages. Unionism involves an exceptional motive for insurance—the desire to provide, not merely for one's own unemployment, but for that of all one's fellows, so that they may not be led by distress to cut wages. Unions, again, come nearer than any other bodies to possessing a direct test of unemployment by which to protect their funds against abuse. They have, first, the knowledge of one another and of the trade possessed by individual members, and second, at least the beginnings of a Labour Exchange system. They are better able, therefore, than any one else at the present time to assist the unemployed on honourable terms without imminent risk of encouraging unemployment.

To these two advantages of the union in regard to insurance many would add a third—that the members of skilled and organised trades alone are able to afford the necessary premiums. Is this view, however, justified by the facts? The figures given show a weekly cost of unemployed benefit—on a fairly liberal scale and

[1] From 1900 to 1906 the membership of the three principal unions in those branches of the building trade where no stationary unemployed benefit is given, *i.e.*, bricklayers, masons and plasterers, declined 25 per cent. During the same period the membership of the three principal unions in those branches where this benefit is given, *i.e.*, carpenters, plumbers and painters, in spite of the severe depression, actually increased 2½ per cent.

in some of the most fluctuating industries—of 2½d. to 7d. per member per week. It cannot really be suggested that premiums of this character are out of the reach of any considerable part of the population. There are, no doubt, workmen whose average earnings now do not suffice to pay for the bare necessaries of healthy life. Yet there are probably few, even of these, who do not on an average spend at least the amount of those premiums on luxuries with which they could well dispense. The question is simply one of the standard of duties recognised and of opportunities, not of income. The great majority of workmen fail to insure against unemployment, not because they could not afford it, but partly because the idea of doing so has never come into their heads, and partly because no opportunity of insurance is open to them.

The principle of insurance affords the most satisfactory, because the most flexible, method of making general provision for unemployment. The means of giving extended practical application to the principle need to be most carefully considered. There are, no doubt, great difficulties in the matter. There are also great possibilities. The value of the principle of insurance, indeed, is widely recognised, and abundant foreign examples of its application can be cited. There are schemes of direct voluntary insurance with municipal assistance in Berne, Basle, Cologne and Leipzig. There has been one attempt at compulsory insurance in St. Gall. There is—now meeting with increasing favour in many countries—the "Ghent system" of supplementing grants made to their unemployed members by trade unions and other associations. This plan having spread from Ghent to other Belgian towns, has now been adopted experimentally by the national Governments of France, Norway and Denmark, and within the last two years by the city of Strassburg. In the German Empire as a whole the matter is in the stage of active discussion not of practice. The possibility of a general compulsory scheme to set beside the existing provision for infirmity, sickness and accident, has been much considered. The whole subject was fully investigated by the Imperial Statistical Department, and an invaluable Report published in 1906.[1] The conclusion was reached that the facts of unemployment presented no insuperable difficulties of a technical character to the formation of an insurance system. The limits of the problem were ascer-

[1] *Versicherung gegen die Folgen der Arbeitslosigkeit.* Bearbeitet im Kaiserlichen Statistischen Amt. 3 vols., 1906 (Carl Heymann, Berlin). A useful summary of the conclusions of the Report and of the principal foreign insurance schemes described is given in the Report of a Special Committee of the Charity Organisation Society on *Unskilled Labour*, pp. 67-77.

tainable and not very wide. The real difficulties were held to lie in a different direction—in defining the conception of the "unemployment" which should entitle to benefit, and the obligation of the insured workman to take such work as should be offered to him. The real difficulty in fact is that of the test of unemployment. "On one point," the first volume of the Report concludes, "all proposals agree, one point emerges clear in the adjudication upon every practical scheme, that in every form of unemployed benefit or insurance an adequate system of Labour Exchanges is of the first importance." A second volume of the Report is thereupon entirely devoted to describing the existing Labour Exchange organisation in Germany.

The point here made is of fundamental importance. No scheme of insurance—or of any other honourable provision for unemployment—can be safe from abuse unless backed by an efficient organisation of the labour market, *i.e.*, by a fairly complete registration of all the employment offering. On the other hand, with that complete registration the insurance or relief fund has an absolute protection; the men if they too are compelled to register at the same office, cannot remain on the fund one moment after there is work anywhere available for them to do. Once the community or the insurance fund undertakes the notification of work the necessity of making relief allowances inadequate or degrading in order to drive men on the search for work disappears. The trade unions cannot safely now make their benefits really adequate simply because, though they have something of a registration system, they have very little; they still rely mainly upon their members finding work by personal application.

Insurance against unemployment, therefore, stands in the closest relation to the organisation of the labour market, and forms the second line of attack on the problem of unemployment. It is, indeed, the necessary supplement thereto. The Labour Exchange is required to reduce to a minimum the intervals between successive jobs. Insurance is required to tide over the intervals that will still remain. The Labour Exchange mobilises the reserves of labour for fluctuations and hastens re-absorption after changes of industrial structure. Insurance is needed to provide for the maintenance of the reserves while standing idle and of the displaced men while waiting for re-absorption. No plan other than insurance—whether purely self-supporting or with assistance from other sources—is really adequate. The provision required is one adaptable to an immense variety of individual cases—that is to say, it must be far more flexible than anything to be attained along the lines either of relief works or of elasticity in working

hours. The provision required is one made in part by the individual himself; by simple grants of money—whether under the Poor Law or otherwise—his self-respect is endangered. The provision required, however, cannot be made by the individual acting alone; unemployment may never come to him at all, but when it does come, may exceed all possibilities of private saving. The principle of insurance—which is simply that of spreading the wages in a trade so as to provide for the necessary margin of idleness in the trade—is therefore essential. It is at the same time adequate. The spreading of the burden of unemployment over all the men of the trade would make the burden tolerable in all but the most casual occupations. The premiums required for insurance in the principal unions are small relatively to the total wages—smaller indeed in most cases than the amounts added to those wages within recent years. There is no reason why the trade unions themselves should not extend the system of unemployed benefits. There is ample warrant in foreign example for giving State encouragement to such extension. There would, according to the opinion of those best qualified to judge—the authors of the German report already quoted—be no impossibility in the State's applying the principle of insurance to the risk of unemployment quite generally and comprehensively, once a test of unemployment had been made available.

In the third line of attack may be placed a variety of minor measures—the systematic distribution of public work, the steadying of the ordinary labour market by elasticity of wages, the greater exemption of old men in respect of standard rates, the smoothing of industrial transitions and the checking of rural depopulation.[1] Only the first two call for special notice.

1. The systematic distribution of public work. Though it may not prove possible to eliminate the causes of industrial fluctuation, it may be possible up to a certain point to counteract the fluctuation itself by getting as much public work as possible done when private work is slack, but done under the usual business conditions. This plan is something radically different from the provision of work either under the Unemployed Workmen Act, or as it has been generally practised by municipal authorities. It means simply that so far as it can be done

[1] In so far as this means simply the revival of rural industry it belongs to the type of proposals noticed below which may relieve pressure for a while by making fresh openings for labour, but do not touch the springs of unemployment. In so far, however, as the country can be said now to be positively repellent to the countryman, the making it attractive instead would have a permanent and direct bearing on the problem.

without extra cost,[1] public authorities should get their painting and building done in winter rather than in spring or summer, and should hasten forward the giving out of contracts when the unemployed percentage is at six or seven, holding back when it is at two or three. It implies that in every case the work should be carried out under business conditions and the men hired, paid and dismissed in the ordinary way.[2] Its aim, in fact, is not the relief of distress but the steadying of the labour market by making the demand in one direction—that of public bodies—expand or contract as the demand in other directions contracts or expands. It does not help all and sundry, but only men competent at the particular work that can be given. It does not necessarily help all of them, but only so many of them as can profitably be employed. Its applicability therefore is strictly limited by the extent to which public authorities have the control of work, and spite of any extension of public activities, *e.g.*, in the way of afforestation, must always remain inadequate to the immense variety of needs and capacities. It is, finally, a matter not for legislation but for administration—for the acceptance of a principle to be worked out by the national and local authorities with due regard to business necessities.

2. Greater elasticity of wages. The possibility of steadying employment is not confined to the systematic distribution of public work. Fluctuation of the rate of wages between good and bad times already goes some way to put a premium on getting work done in the latter rather than in the former. Might not the principle be applied more widely? The possible effect, for instance, of a differentiation between winter and summer rates of pay in building is worth considering. Building in winter is avoided now not so much because it is impossible as because it is or may be more costly; there is greater risk of bad weather and there is increased expenditure on lighting and heating. If the builder could get back some of this extra cost in a lower rate of wages, if, for instance, instead of paying a painter 8½d. an hour all the year round, he paid 9d. in the summer and 8d. in the winter months, he would have less reason to avoid the latter; that is to say, he would be able to tender at much the same rates all the year round. The difficulty in starting such a differentiation lies

[1] It is quite possible that work done at an unusual time, if it can be done then at all, should actually be cheaper—because wages and prices are apt to be lower and a better quality of labour available.

[2] The only desirable variant upon ordinary conditions might be, where the work was that of a local authority, that the contractor should be required to choose his men in the first instance from those resident in the district, *e.g.*, from the men registered at the local Labour Exchange.

of course in settling the general level from which differentiation should take place. The suggestion of a lower rate than they now pay for the winter is quite frequently made by employers.[1] The workman, no doubt, would be equally ready to accept a higher rate than he now gets for the summer. The principle of differentiation is, however, independent of the general level—a benefit to both parties, not an advantage to one at the cost of the other. Here again it must suffice to indicate the principle; the possibilities and methods of its practical application must be left to those practically engaged in each trade.

The foregoing enumeration leaves out three classes of measures: first, those which may provide for the absorption of a temporary surplus of men; second, those which simply increase the general efficiency and prosperity of the working classes; third, those which are measures not of industrial organisation but of relief. The measures of the first class—emigration, reduction of working hours, creation of new industries—have already been mentioned in their place as subsidiary to de-casualisation and other types of industrial re-construction. Those of the second class baffle description. They may be taken for granted. Obviously larger wages, better conditions of work and a higher standard of life, whether or not they decrease unemployment, increase the power of resisting distress. The measures of the third class fall outside the scope of the present inquiry. Yet some indication of them, or at least of the main requirements to be satisfied by a once more reformed Poor Law, is clearly indispensable.

The first requirement of a reformed Poor Law is that it should be unmistakably Poor Law and should not admit of relief measures masquerading as industry. The attempt typified by the Unemployed Workmen Act to combine the alleviation of distress with the performance of useful work has failed in practice. The confusion of thought implied in the phrase "relief work" runs counter to the fundamental principles of social policy. It blurs the line which above all things should be kept distinct—the line between industry and relief, between the man who by his labour is adding to the wealth of the community and the man who is being supported in whole or in part by the citizens. The new Poor Law, whatever else it may be, must not be such that men can come to it when they might be at work or such that they will be encouraged to remain as burdens on it by the idea that they are there earning their livings.

[1] *Cf. Unskilled Labour*, p. 49, for replies from employers

Though, however, in the new Poor Law the line between industry and relief, blurred by the Unemployed Workmen Act, must again be drawn sharply, this need not imply the retention of all the harshnesses of the present Poor Law. Assuming an effective organisation of the labour market, the task now performed by the workhouse test—that of keeping men at a distance—will in two ways be simplified. First, de-casualisation by improving industrial conditions would make it possible to improve relief conditions without sacrificing the principle of deterrence. Second, the registration of all employment at Labour Exchanges would, as has been pointed out already, provide a direct test of unemployment apart from any deterrence at all. In other words, it would be possible, especially at times of emergency, to give relief under far easier conditions than at present without any danger of unnecessarily multiplying applications.

The second requirement of a reformed Poor Law is that it should be able to apply different measures to different cases. In respect of the able-bodied—to whom of course the discussion is here limited—three distinct forms of treatment are needed: provision of sustenance to keep men alive till they can recover employment; provision of restorative or educational treatment for those who are apparently not now fit to take employment even if it came their way; provision of disciplinary treatment subject to detention for those clearly beyond restoration by weaker measures, and perhaps beyond restoration by any measures at all. The present Poor Law, it will be seen, aims at meeting only the first of these three possible requirements of the able-bodied; it has in effect only one type of institution—whether called a workhouse, a casual ward or a stoneyard—where sustenance subject to deterrence is meted out to all and sundry. The reformed Poor Law must be prepared to meet all three requirements. It must have, first, the means of temporary assistance—something to correspond to the workhouses, casual wards, stoneyards and relief works of to-day. This is for the "unemployed". It must have, second, the means of restoring to physical vigour and perhaps of training for new occupations those who are proved incapable of supporting themselves as they are—something corresponding or akin to the free farm colonies at Hollesley Bay and elsewhere. This is for the "unemployable" or "half-employable" who can be restored. It must have, third, the means of separating from society those who are clearly unfit to belong thereto—something corresponding to the penal colonies in Belgium and Switzerland. This is for the "unemployable" who perhaps cannot be made good again. Each of these three grades of treatment must be provided.

An important distinction, however, is to be noted. The aim of social policy will be to make the first grade of treatment—that of simple tiding over—less and less necessary; to get mere depression of trade met by individual action or by measures of industrial organisation,[1] of which insurance is the chief; and to leave to measures of relief only the more difficult cases of failure where training for new occupations or segregation from the body politic is required. In other words, all tiding over should become ultimately a function of industry; all relief should be educational.

[1] Insurance against unemployment deserves this title because it is essentially an averaging of earnings over good and bad times, and it may be held to retain that character spite of a certain amount of public assistance. As practised by the trade unions it is as completely a measure of industrial organisation as is short time in the cotton trade or in coal-mining.

CHAPTER XI.

CONCLUSION.

In conclusion, the problem discussed in the preceding pages and the lines of its solution may be presented under a few general aspects.

Unemployment is not to be identified as a problem of general over-population. There is no reason to suppose that the industrial system has lost permanently anything of its former power to absorb the growing supply of labour. There is no reason to suppose that any new stimulus to the expansion of industry is required. There is conclusive reason for holding that no such stimulus can make any lasting impression upon the causes of unemployment.

Unemployment arises because, while the supply of labour grows steadily, the demand for labour, in growing, varies incessantly in volume, distribution and character. This variation, in several of its forms at least, flows directly from the control of production by many competing employers. It is obvious that, so long as the industrial world is split up into separate groups of producers—each group with a life of its own, and growing or decaying in ceaseless attrition upon its neighbours—there must be insecurity of employment. It is probable that at least one of the most striking specific factors in the problem—namely, cyclical fluctuation of trade—may be traced ultimately to this same source. Unemployment, in other words, is to some extent at least part of the price of industrial competition—part of the waste without which there could be no competition at all. Socialistic criticism of the existing order has therefore on this side much justification. The theoretic reply to that criticism must take the form, not of a denial, but of a gloss—that there may be worse things in a community than unemployment. The practical reply is to be found in reducing the pain of unemployment to relative insignificance. In this there seems to be no impossibility. If the solution of the problem of unemployment means that every man should have the certainty of continuous work throughout life, then no solution is to be expected, or, indeed, desired. If, however, by a

solution is meant that no man able and willing to work should come to degradation or destitution for want of work, then a solution is not indeed within sight but by no means beyond hope. Its direction is certain and its distance not infinite. The demand for labour cannot be stereotyped save in a stagnant industry. The supply of labour may be made immeasurably more capable of following and waiting for the demand.

This on its two sides—of following the demand and waiting for the demand—is the policy outlined in the last two chapters. The policy may be variously described.

It is a policy of industrial organisation; of meeting deliberately industrial needs that at present are met wastefully because without deliberation. Fluctuations of demand are now provided for by the maintenance of huge stagnant reserves of labour in varying extremities of distress. There is no reason in the nature of things why they should not be provided for by organised reserves of labour raised beyond the reach of distress. To be able to follow the demand men must possess greater powers of intelligent movement from place to place; they must possess also power to move from trade to trade, or—a more essential point—they must have better guidance in the first choice of occupations. To be able to wait for the demand men must have a reserve for emergencies; they must not be living from hand to mouth; they must through insurance or its equivalent be able to average wages over good and bad times and to subsist without demoralisation till they can be re-absorbed again after industrial transformations. These two measures are complementary and, in some sense indeed, alternative to one another. The better the supply of labour is able to follow the demand, the less will it have to wait for the demand. The greater the power of waiting for the demand, that is to say, the higher the rate or the better the distribution of wages, the less need is there for movement.

It is a policy of establishing the standard of life upon a longer and broader basis. An individual is not self-supporting unless his earnings amount to a sufficiency for life and not merely to a sufficiency for the time of working. An industry is not self-supporting unless it yields wages not only for the time of employment but also for the time of inevitable unemployment as well—unless it maintains all the men required by it both while they are in active service and while they are standing in reserve. So far, therefore, as the problem arises from fluctuations of industrial activity, it becomes essentially one of wages—of their amount, division and expenditure, and, on this side at least, it falls within ascertainable limits. Fluctuations of trade vary in range but do

not vary indefinitely. So far as the problem arises from changes of industrial structure or loss of industrial quality, it is not so measurable. In practice, however, causes of this nature are relatively unimportant, and in any case the resources—whether provided by individual saving or by way of insurance—which would enable men to tide over periods of temporary depression, would also serve to keep them while searching for new occupations.

It is a policy of making reality correspond with the assumptions of economic theory. Assuming the demand for labour to be single and the supply perfectly fluid, it is not hard to show that unemployment must always be in process of disappearance—that demand and supply are constantly tending to an equilibrium. The ideal for practical reform, therefore, must be to concentrate the demand and to give the right fluidity to the supply.

Finally, it is a policy of introducing organisation and unity where, and only where, they involve no harmful limitation of individual risks and responsibilities. Industrial competition involves that for every piece of work to be done, two separate producing units should offer—that there should be two tenders for every contract. With an unorganised labour market, this means that each of the two contractors tendering has to keep in his neighbourhood, or within touch of him, a separate reserve of labour to be called on in case he should be successful. Whichever contractor is successful, one of these reserves will be unemployed. In the Socialist state there will be no separate producing units; the two contractors will have been made one for all purposes. In the competitive state with an organised labour market there will still be the two contractors, but they will draw their men from a common centre and so use the same reserve of labour. Whichever contractor is successful the same men will obtain employment. The only loss of employment will be that of the unsuccessful contractor and his permanent staff. The heaviest stress of competition will fall where it can be borne with the least suffering and where it is most needed to prevent stagnation.

APPENDIX A.

PUBLIC LABOUR EXCHANGES IN GERMANY.[1]

DURING the years 1893-94 both Great Britain and Germany passed through a period of commercial and industrial depression. In each country the question of unemployment was much to the fore. The net result in Great Britain was the appointment of a House of Commons Select Committee, which did not report, and the acquisition of much negative experience as to the value of stoneyards and temporary relief works. In Germany the interest then roused gave the impulse to an enduring movement which, while it has not solved the unemployed problem, has at least put that country a long step in advance towards its solution. In the Report upon Agencies and Methods for dealing with the Unemployed, compiled by the Board of Trade in 1893, no mention is made of labour registries in Germany at all. In the Report upon Agencies and Methods in certain Foreign Countries, published in 1904, the labour registry is described as being already "of all the institutions established with the object of dealing with the unemployed in the German Empire, that which possesses on the whole the greatest interest". Since the date of that report these institutions have multiplied and developed with extreme rapidity on the crest of a wave of prosperity and with the general support of public opinion. The Imperial Statistical Office now receives regular returns from over seven hundred registries or exchanges (*Arbeitsnachweise*), filling from a hundred and fifty to a hundred and eighty thousand situations a month.

The Labour Exchanges covered by these returns are of several distinct types. The following table, compiled from the recent Report of the Imperial Statistical Office on unemployed insurance, indicates the principal types and their relative importance. In addition to these there are many smaller and more specialised Exchanges, either dealing with particular classes of persons—discharged prisoners, cripples, convalescents, reservists—or attached to particular institutions—shelters, labour colonies, common lodging-houses. There are, of course, also the registry offices conducted for private profit and still supplying the bulk of domestic servants. These last are not included in any of the tables or general figures given here or below.

[1] Reprinted with a few statistical alterations from the *Economic Journal*, March, 1908.

Type of Exchange.	Number of Exchanges.	Estimated number of Situations filled (1904).
1. Public General	400	550,000
2. Employers'	30	230,000
3. Guild	2,400	213,000
4. Employees'	1,000	120,000
5. Employers and Employees' Joint Management	60	51,000
6. Chambers of Agriculture	11	50,000
7. Commercial (*i.e.*, for clerks, travellers, etc.)	60	25,000

All these exchanges have the common object of putting would-be employers and employed into immediate communication. They may, according to the nature of the authority or association maintaining them, have also a further object. The employers' exchanges—institutions maintained by associations of employers—are more or less openly means of combating trade unionism, or even of boycotting individual "agitators". The employees' (trade union) exchanges have, of course, a directly contrary object. The exchanges set up by the Chambers of Agriculture are a special development to provide against the chronic shortage of rural labour, especially in Eastern Prussia. The guild registries or exchanges are maintained—for the most part somewhat perfunctorily—as part of the statutory regulation and strengthening of small industry (*Handwerk*) against the large factory industry. Of exchanges established jointly by employers and employees the most important are in the printing trade. Another exchange of this type—that of the Berlin Breweries—is briefly described in a note at the end of this appendix.

The exchanges ranked as public and general are much the most important. They are also the most typical because most closely confined to the essential business of a labour exchange—that of supplying a known market-place for labour. The number of these exchanges given in the table is indeed somewhat illusory. Many of the municipal labour exchanges of Germany are as dead as the deadest labour bureaux in Great Britain. There are, however, now not far short of a hundred and fifty public labour exchanges which may be regarded as alive; there is one in practically every municipality of more than 50,000 inhabitants,[1] and in very many smaller ones. These institutions—which alone form the subject of the present paper—are of two main types. They may be purely municipal or they may be maintained by voluntary associations with varying degrees of municipal recognition and support. The table below includes twelve of the most important. Their nature will be best understood from the subsequent detailed description of one or two of them.

[1] Hamburg and Altona are important exceptions.

TABLE XXXII.—PRINCIPAL PUBLIC LABOUR EXCHANGES IN GERMANY.

Town.	Population[1] (1905).	Number of Situations Filled in Last Year.[2]			Character and Date of Establishment.
		Male.	Female.	Total.	
Berlin .	2,040,090	84,375	15,182	99,557	Voluntary Association (1883) with Municipal Subsidy since 1893.
Stuttgart .	249,000	37,893	18,427	56,320	Municipal (1895).
Munich .	539,000	29,658	24,015	53,673	Municipal (1895).
Frankfurt .	335,000	21,195	15,701	37,896	Municipal (1895). [(1887).
Dresden .	517,000	11,248	22,893	34,141	Voluntary Association.
Cologne .	429,000	21,805	7,359	29,164	Representative Association, with all expenditure met by Municipality (1894).
Düsseldorf.	253,000	25,862	2,844	28,706	Representative Association, with all expenditure met by Municipality since 1905. Formerly Voluntary Association (1890).
Leipzig .	504,000	9,945	16,425	26,370	Voluntary Association with Municipal subsidy (1900).
Mannheim .	164,000	—	—	19,925	Municipal since 1905. Formerly Voluntary Association (1893).
Freiburg .	74,000	11,268	6,433	17,701	Municipal since 1897. Formerly Voluntary Association with Municipal subsidy (1892).
Strassburg.	168,000	12,171	3,293	15,464	Municipal (1895).
Nürnberg .	294,000	9,878	4,940	14,818	Municipal (1896).

The Munich Labour Office was opened on 1st November, 1895. Its stated objects are:—

1. To put employers and employees (including those engaged in industry, commerce or domestic service, casual labourers and apprentices) into communication with a view to employment.

2. To supply as far as possible information on all questions concerning workmen and conditions of employment.

It has also the duty of providing the Municipal Statistical Office with material for "statistics as to the movements of the demand for and supply of labour in each occupation and at various seasons". It is managed by a committee consisting of three employees, elected by the

[1] These figures can only be taken as a very rough indication of the population actually dealt with by each exchange.

[2] 1906 or 1906-7, except in the case of Frankfurt (1905-6). Later figures of situations filled can now be given for some of the exchanges, *viz.*:—

	Males.	*Females.*	*Total.*
Stuttgart (1907)	39,201	23,717	62,918
Munich (1907)	33,602	27,150	60,752
Strassburg (1907-8) . . .	13,772	3,307	17,079
Nürnberg (1907)	10,874	5,175	16,049

employee assessors of the Industrial Court,[1] and three employers and an official chairman nominated by the municipality. The paid staff—now numbering eighteen—is, however, appointed not by the committee, but by the municipality after consultation with the committee. No fees are charged either to employers or employed, the whole cost being borne by the city of Munich.

The Labour Office is situated on an island over which passes the principal bridge connecting the two halves of the city. The accommodation consists in essence of a number of waiting-rooms opening off a central corridor, and each communicating directly with the office of the superintendent in charge of the particular section. There are, for instance, three sections for men—unskilled, skilled workers in iron and wood, and all other skilled workers—each with its own waiting-room and superintendent; one for apprentices and two for women (industrial workers and domestic servants). Applicants for employment come to the appropriate waiting-room and fill up there a short form, indicating name, address, age, whether married, single or widowed, occupation and work desired, last employer, and one or two other details. Applications for workpeople are received in the corresponding office by personal call on the part of the employer or his representative, by post, or most commonly by telephone. As they are received they are announced by the superintendent in the waiting-room, and the number required picked out from the men presenting themselves. From the forms already filled in by the men the superintendent enters the essential points in a current register, and sends the men off to the employer with a card of identification. The employer receiving the card is requested to note on it which, if any, of the men he has engaged, and to return it through the post—it is already stamped and addressed—to the Labour Office. Where the employer has called in person or sent an agent, this is, of course, not necessary; the hiring is concluded there and then at an interview in the superintendent's office. In the unskilled section men may stay in the waiting-room all day. In the skilled sections there are fixed hours—generally one in the morning and one in the afternoon—for each trade. It should be added that any situation not at once filled is notified on a blackboard in the waiting-room, so that any man coming in later and desiring to apply for one of them may at once present himself to the superintendent. Twice a week, moreover, lists of situations unfilled are drawn up and exhibited in public places. They are also inserted in the press and sent round to all the neighbouring labour exchanges.

The Labour Office appears to concern itself very little with inquiries as to the character of applicants for employment. They are not even always asked to produce their infirmity insurance cards. Efforts

[1] The Industrial Court is both a special court of justice for cases between master and servant (wrongful dismissal, non-payment of wages, etc., etc.), and an arbitration court for industrial disputes (though without power to enforce its decisions at law). The court ordinarily consists of an official president and two or more assessors taken from persons elected by all the employers and employees in the town voting in separate bodies. Every town of 20,000 inhabitants must have and smaller towns may have an Industrial Court.

are, of course, made to send the sort of man asked for by the employer, but in the unskilled section at least the attitude is taken that it is ultimately the employer's business to satisfy himself as to the capacity of the men he engages. The Labour Office is essentially a means of communication. It does no doubt in the long run give the employer a better workman than he would get by chance from the streets; the superintendent has almost always a certain choice in the waiting-room, and can pick the abler or the better known man. This, however, is only an indirect service. The direct utility of the Labour Office—as it presents itself unmistakably to any one spending a morning in any one of its rooms—is to prevent economic waste by reducing to a minimum the period during which employers are seeking for men or men for employers. In the unskilled section, with men always in the waiting-room and applications from employers arriving in an almost continuous stream, business has to be conducted at lightning speed.

The Labour Office at Munich was only opened after the ground had been well prepared by nearly three years of discussion. Its success was immediate. In the first complete year of working (1896) 25,586 situations (15,653 for males and 9,933 for females) were filled by it. By 1901 the number had arisen to 45,173 (24,358 for males and 20,815 for females); and though the industrial depression of 1902 caused a falling off to 40,513, the number in 1906 was 53,673, classified as follows:—

Males.

Unskilled	11,978	or 40·4	per cent.	of all males' situations.
Skilled (industrial)	11,346	„ 38·3	„	„ „
Agriculture and forestry	3,947	„ 13·3	„	„ „
Apprentices	1,947	„ 6·6	„	„ „
Hotel and restaurant service	426	„ 1·4	„	„ „
Commercial	14	„ 0·0	„	„ „
	29,658			

Females.

Hotel and restaurant service	7,738	or 32·2	per cent.	of all females' situations.
Domestic service	7,077	„ 29·5	„	„ „
Unskilled	6,587	„ 27·4	„	„ „
Skilled (industrial)	1,868	„ 7·8	„	„ „
Agriculture	489	„ 2·0	„	„ „
Apprentices	229	„ 1·0	„	„ „
Commercial	27	„ 0·1	„	„ „
	24,015			

In these totals is included a very considerable activity outside Munich itself. No less than 9,359 of all the situations filled (7,594 males and 1,765 females) are "external," including 291 in Germany outside Bavaria, and 63 in foreign countries. The number of persons brought into Munich through the Labour Office is considerably smaller. Workpeople sent to places more than 25 km. (15 miles) distant are allowed, on presentation of a certificate from the exchange, to travel on the State railways at half price. In 1906 4,438 such certificates were issued, involving a total reduction of fares of over £350.

The Berlin Labour Exchange is noticeable for several reasons.

First, it is the largest single institution of its kind, filling in 1906 all but 100,000 situations. Second, it is a voluntary, not a municipal, institution. Though it receives an annual subsidy[1] from the city of Berlin, ultimate control and financial responsibility are vested in a voluntary association of subscribers. Third, its services are not free. Applicants for employment have to pay on registration a fee of 2½d., in return for which they get a certificate admitting them to the waiting-rooms of the exchange for three months or till they are placed in a situation. The revenue derived from these fees—£824 in 1906—forms an important item in the finances of the institution. The payment itself is intimately connected with the special system of working and of checking the returns.[2] The most striking feature of the exchange is, however, to be found in the special sections dealing with skilled trades. The exchange premises erected a few years ago at a cost of £30,000 include two distinct buildings. In one is the general section, almost entirely devoted to unskilled labour, and containing a waiting-hall capable of seating over a thousand men. In the other building are a number of separate sets of offices—a waiting-room and a superintendent's room—accommodating what are practically separate exchanges for single trades. There are now seven or eight of these sectional exchanges, including those for painters, glaziers, locksmiths, woodworkers, bakers, and bookbinders. Each has not only its own offices, but its own staff (generally a former employer and a former workman or trade union official), its own committee of management, representing equally the employers' and employees' associations concerned, with an impartial non-voting chairman, and to some extent separate finances. One or two of these exchanges, being supported by the representative associations on each side, hold a very strong position, amounting almost to a monopoly in the filling of situations in their trade. During 1906 the number of the situations filled by some of them were: Painters, 7,408; locksmiths, 2,460; bakers, 3,299; woodworkers, 17,163. With those figures may be compared the 30,324 placings in the "general labour" section and 11,444 in that devoted to boys and youths.

It is hardly necessary to describe other exchanges in detail. It will suffice to note a few special features. While the Munich Labour Office typifies the purely municipal institutions which are the rule in Southern Germany, and Berlin is the leading example of voluntary institutions, Cologne and Düsseldorf represent an intermediate form, in which the exchange is in the hands of a representative association of employers and employed formed under the supervision of the municipal authority and deriving all funds from it. In effect, though not formally, these come to be municipal institutions. The Cologne Exchange is distinguished also by being directly connected with (i.) a "house exchange" or register of workmen's dwellings, and (ii.) a scheme of assisted insurance against winter unemployment.

The movement to absorb competing institutions such as guild and

[1] In 1906 the subsidy was £2,000; in 1907 £2,750, and in the estimates for 1908 is entered as £3,000.

[2] This is described in the *Report on Agencies of Methods for dealing with the Unemployed in Foreign Countries* (1904) which has been mentioned already.

trade union registries, and thus to centralise and unify the whole labour market, was led by the Munich Labour Office. Of late, however, progress in this direction appears to have been less in Munich than elsewhere. The Stuttgart Labour Office, for instance, which is characterised both by very great activity in proportion to population and by abnormally rapid growth during recent years, is also remarkable for the degree of co-operation secured by it on the part of guilds and trade unions. According to the Report for 1905-6: "All the larger trade unions—with the exception of the printers—have closed their own registries in favour of the municipal Labour Office". None of those outstanding filled as many as 100 places in the year 1906. The unions of woodworkers, metalworkers, saddlers, paperhangers, glaziers, bookbinders, brewers' operatives, millers, and factory workers compel their unemployed members to register daily at the Labour Office as the condition of receiving out-of-work pay. In some cases the Labour Office itself makes the payments on account of the guild or union. In this way during the year 1907 a sum of £373 was paid out to 3,103 persons.

Some of the most interesting of all recent developments are to be found in the Strassburg Labour Office. Here there has been in force since the beginning of 1907 a scheme of augmenting from a municipal fund unemployed benefits paid by trade unions to their members; one of the conditions for the receipt of this municipal subsidy is regular registration at the Labour Office. The office is used also as a check upon the administration of poor relief. Able-bodied recipients of outdoor relief are required to register daily, and must accept any offer of suitable work at the current rate of wages, on pain of losing their allowances. Another point to notice is that all contractors for city works are under stringent penalties bound to engage all their men through the Labour Office.

The Freiburg Labour Office is interesting as that which, in proportion to the population of the city, fills the largest number of situations. Its report provides also some rather remarkable figures as to the circumstances under which applications are made. Of the 22,468 men registering in 1906, 7,681, or 34·3 per cent., were still in employment at the time of their application, while 65·7 per cent. were unemployed. Nothing could better show the character of the office as an industrial, not an eleemosynary, institution—as a means of preventing rather than relieving distress. If a man has to depend upon his personal exertions in finding an employer, he can hardly begin to look for a new job till he has already left the old one and has ceased earning. By means of the exchange he can look out for a new job while still engaged in finishing up the old one, and may pass to it without any idle interval at all.

From the table already given it will be seen that some of the principal public labour exchanges fill, relatively to the total population, a strikingly large number of situations annually. In Freiburg, for instance, the proportion is one in every 4·2 of the population, in Stuttgart one in 4·4, in Mannheim one in 8·2. These exceptional figures testify to special success in absorbing or affiliating rival institutions. In the following tables the development of certain exchanges is illustrated by comparison of the years 1896, 1901, and 1906.

TABLE XXXIII.—DEVELOPMENT OF PRINCIPAL GERMAN EXCHANGES.

A.—MALES.

	1896.			1901.			1906.		
	Situations Filled.	Percentage Filled of Situations Offered.	Percentage Placed of Applications.[1]	Situations Filled.	Percentage Filled of Situations Offered.	Percentage Placed of Applications.[1]	Situations Filled.	Percentage Filled of Situations Offered.	Percentage Placed of Applications.[1]
Berlin	19,030	97·8	77·5	24,528	93·7	66·5	84,375	76·9	—
Stuttgart	10,474	73·3	59·3	12,900	75·4	48·7	37,893	84·1	72·5
Munich	15,653	93·5	49·1	24,358	89·5	56·8	29,658	86·3	83·1
Frankfurt[2]	9,145	—	—	16,149	—	—	22,285	82·8	42·5
Cologne	7,823	96·4	70·4	12,480	97·2	38·5	21,805	95·3	60·7
Düsseldorf	[1,291][3]	—	—	—	—	—	25,862	94·0	68·9
Freiburg	4,974	86·3	45·5	6,014	77·2	40·1	11,268	74·3	50·1
Strassburg	922	—	—	1,494	—	—	12,171	64·0	53·4
Nürnberg[4]	4,818	61·6	57·6	4,940	90·3	32·5	9,878	82·9	95·4

B.—FEMALES.

	1896.	1901.	1906.		
	Situations Filled.	Situations Filled.	Situations Filled.	Percentage Filled of Situations Offered.	Percentage Placed of Applications.[1]
Berlin	1,662	2,072	15,182	61·3	—
Stuttgart	2,638	3,843	18,427	68·1	92·0
Munich	9,933	20,815	24,015	63·7	74·1
Frankfurt[2]	534	5,913	15,701	74·4	82·5
Cologne	4,301	7,784	7,359	66·0	93·8
Düsseldorf	[17][3]	—	2,844	72·3	71·4
Freiburg	1,892	2,935	6,433	67·4	72·4
Strassburg	1,004	1,040	3,293	51·3	48·2
Nürnberg	142	3,193	4,940	61·2	95·2

[1] Owing to differences in the methods of registration, the figures in these columns do not justify any comparison between one exchange and another; they can only be used to compare the activities of the same exchange in different years. The Cologne and Freiburg reports refer to persons applying (*Arbeitsuchende*), the others to applications made (*Arbeit-* or *Stellen-gesuche*), but do not all construe "application" in the same way. In Munich at least the recorded applications by no means represent all the actual applications.

[2] The number of situations in the last column but two is for the year April, 1905-March, 1906; the percentages in the last two columns are for 1904-5.

[3] This figure is for 1895 and refers to the voluntary exchange taken over in 1904 by a Representative Association, financed by the municipality.

[4] The Nürnberg Labour Office, as will be seen from the last two columns, shows for 1906 (as also for 1904 and 1905) the somewhat remarkable fact of an excess in the demand for men over the supply. This holds true not only of the totals but also of each of the various trades and occupations under which applicants are classified, except General Labour. Even there, however, the number of applications only exceeds the number of situations offered in the proportion 107·4 to 100.

The number of situations for males filled by eight of these exchanges (*i.e.*, omitting Düsseldorf) rose from 72,839 in 1896 to 102,863 in 1901 —an increase of 41 per cent.—and thence to 229,333 in 1906—a further increase of 123 per cent. These figures indicate clearly the effect of trade conditions. 1901 was a year of exceptional depression, during which the activity of many exchanges fell off very considerably. 1906 was the culmination of a period of unparalleled expansion and prosperity. For females the corresponding increases were 115 per cent. from 22,106 to 47,595, and 100 per cent. from 47,595 to 95,350.

In regard to the percentages of situations filled and applicants placed, the following points may be noticed :—

First, a considerable proportion of the demands by employers, varying for males from 36 per cent. in Strassburg to 4·7 per cent. in Cologne, and for females 48·7 per cent. in Strassburg to 25·6 per cent. in Frankfurt, remain unsatisfied through the exchanges. In the bulk of these cases no doubt the employers obtain employees in other ways. This percentage of unsatisfied demands indicates, therefore, though it does not measure, the failure of the exchange to exclude from its scope competing methods of engagement.

Second, the percentage of the employers' demands for females satisfied through the exchange is everywhere much lower than the corresponding percentage in the cases of males, and is, in general, lower than the percentage recorded as satisfied among the applications by females for employment. This indicates no doubt both the standing excess in the demand for women's labour over the supply and the existence of competing agencies (private registry offices). Many of the German public exchanges deal very largely with domestic servants. It is, however, interesting to note that the employment exchanges recently established in London, though expressly excluding indoor domestic servants, present the same feature. During the first six months of 1907 they filled 74 per cent. of the situations offered for men and boys, and only 45 per cent. of those for women and girls.

Third, the differences in trade conditions between 1901, a very bad year, and 1896, an average, or 1906, a very good year, are clearly discernible. The percentage of applicants for whom situations could be found in 1901 is relatively very low ; the percentage of employers' demands which could be satisfied from amongst the crowds of men presenting themselves is relatively high.

Special attention is paid by a good many exchanges, among which Munich, Stuttgart, and Strassburg may be mentioned, to boys and girls leaving school. In Germany, as in England, complaints are rife against the tendency to prefer immediate earning to learning a trade, and efforts are made to counteract it by organising and advocating apprenticeship. In Munich, which here also appears to have led the way, there is a special section for apprentices. The attention of all boys and girls in the elementary schools is called to the exchange a few months before they leave, and they are encouraged to register there, and subsequently to call there from time to time (being let out from school for the purpose)

to see if a suitable situation has been notified. In this way they, as a rule, have all their arrangements completed before they actually leave school. According to the Munich Report for 1906, the vast majority of all situations for apprentices in the city were filled through the Labour Office. Boys others than apprentices are dealt with in the unskilled section. How far the Labour Office in these matters acts as more than an open market and endeavours either to influence the decision of the boys and girls or to select among the employers I am unable to say. At the time of my visit to Munich operations in this section were almost completely suspended because an increase in the age of leaving school had cut off altogether for the time being the supply of boys and girls. Apparently, however, the Labour Office, with the assistance of the Guilds, does undertake some inquiry as to the position of the employer and his capacity to teach apprentices.

Nearly all the public labour exchanges give their services without charge either to employers or employees. Berlin, with its registration fee of 2½d. for employees, is a conspicuous exception. The fee of 1s. also charged at Berlin to the employer for each domestic servant actually engaged is not so unusual. The Strassburg Labour Office, whose services are now otherwise gratuitous, still derives a substantial revenue from this source. The tendency, however, is everywhere to the dropping of fees—as at Freiburg—and to the provision of a perfectly gratuitous public service.

The expenditure on certain exchanges during the last year (1906 or 1905) is given as follows: Cologne, £518; Düsseldorf, £487; Frankfurt, £1,037; Freiburg, £520; Munich, £2,222; Strassburg, £520 (after deducting £114 received as fees from employers). In most if not all these cases the rent of the exchange premises is excluded, as it certainly is at Cologne, Düsseldorf, and Munich (where the rental value of the premises is estimated at £226). In some cases also the exchanges enjoy postal facilities not taken into account here. On the other hand, the recorded expenditure may cover things outside the ordinary work of an exchange—*e.g.*, a specialist library at Munich. Taking the figures as they stand, they yield an average cost per situation filled of 4¼d. at Cologne and Düsseldorf, 6½d. at Frankfurt, 7d. at Freiburg, 8d. at Strassburg, and 10d. at Munich.

The expenditure has to be met in the first instance by the municipality or voluntary association responsible for the exchange. Most of the State Governments, however, make grants either in aid of the general finances of the exchanges (Baden) or for the specific purpose of promoting intercommunication between different towns. These latter payments may be made either to individual exchanges directly, as appears to be the case in Bavaria and Wurttemberg, or to federations—*e.g.*, the Federation of Westphalian Exchanges, which receives £250 annually from the Prussian Ministry of Commerce. Since 1902 the Imperial Government has followed the example of the separate States, and makes a grant (£300 in 1903) to the General Federation of German Labour Exchanges. Few things indeed are more noticeable about the movement or more re-

sponsible for its success than the support accorded to it by public authorities of all kinds. This has meant not merely financial assistance. It has meant many facilities both in making the exchanges known and in developing their work—free advertising in official buildings and publications, reduced fares on the State railways for men sent to distant situations, the use of the exchanges by many public employing departments. It has meant, above all, that the public exchanges have had a good standing from the very first. In Prussia the movement was largely initiated by the State Government, which by a succession of circulars in 1894, 1898, and 1902, urged upon all local authorities the establishment of public labour exchanges with joint management by representative employers and employed. The Governments of Bavaria (1894), Wurttemberg (1895), and Alsace-Lorraine (1902, 1903) have also powerfully supported the movement in the same way.

The attitude to be adopted by public labour exchanges in matters where the interests of employers and employees are opposed has naturally been much discussed. Two questions present themselves. First: Shall the exchange intervene in questions of wages and conditions of labour in the sense of refusing to notify situations in which wages and conditions do not conform to the "recognised" or trade union standard? The answer in Germany has everywhere been in the negative. No public labour exchange regards the enforcement of any particular conditions of labour as within its functions. Employer and workman must make their own bargain; the exchange cannot and must not attempt to do more than put them into communication. The utmost that may be done, and often is done where an employer offers an exceptionally low wage, is to call his attention to the fact, and to the small likelihood of his getting a man at that price. If, however, the employer wishes it, the exchange is bound to notify the vacancy and the wages offered. Any man willing to accept the offer is free to do so. This principle appears to have been generally accepted as self-evident by everybody concerned—by trade unionists as much as by others. Around a second question—as to the attitude of the public exchanges in times of open dispute between the two parties—much controversy has raged. Shall men be supplied through these agencies to take the places of others on strike or locked out? To supply the men is apparently to take the side of the employers against the employees; to refuse to supply them is apparently to take that of the employees against the employers. In this dilemma four principal alternatives have been adopted by different exchanges:—

1. To ignore disputes altogether, *i.e.*, to send workmen to a vacancy due to a dispute in exactly the same way as to any other (Nürnberg, Berlin till 1905).

2. To register vacancies created by a dispute and to notify them to applicants for work, but in doing so to give formal notice of the dispute to the individual applicants (Berlin since 1905, Cologne since 1904, Düsseldorf, Frankfurt), and also by placards placed in the exchange premises (Munich since 1898, Stuttgart since 1901, Strassburg).

3. To suspend operations within the range of the dispute during its continuance (Cologne till 1904, Barmen).

4. To make action in each case depend upon the meeting and decision of the Industrial Court sitting as an arbitration tribunal (Munich till 1898, Leipzig).

There can be little doubt that the second of these alternatives has most approved itself in practice. It has been adopted in three leading cases—Berlin, Cologne, Munich—after trial of one or other of the alternatives.

The practical effect of the second alternative—to notify all situations, but at the same time to call attention to those which are due to disputes—appears to be that such vacancies are very seldom accepted by men through the agency of the exchange. This was stated to me explicitly in Berlin (at least, as to the skilled men), Cologne, Frankfurt and Munich; while in the last-named exchange I actually witnessed an unsuccessful attempt by an employer to get two ordinary labourers to fill vacancies created by a dispute. The wages offered were good, and the waiting-room full of men, but not one would put himself forward for the work. It is now, indeed, generally recognised that the importance of the question has been enormously exaggerated. If, during a dispute, there are anywhere men able and willing to take the vacancies created, an employer has many ways of getting at them far more effective than a public labour exchange. The publicity of the latter makes it, indeed, the last place from which to get men in a time of roused feeling. The very men who will refuse to put themselves forward in the waiting-room of the exchange may respond readily to an advertisement. The effect of the second alternative—to notify dispute situations while calling special attention to their character—is not very different from that of the third alternative: formal suspension of operations within the range of the dispute. It has, however, for the exchange the great practical advantage of enabling it to avoid responsibility for difficult decisions, as to when a dispute has arisen or not. It simply gives publicity to statements made by the parties concerned—in some cases to the employer's denial that there is a dispute, as well as to the union's assertion of it—and then leaves men to act upon their own judgment.

From what has already been said, it will be evident that the public labour exchanges have in some places completely secured the confidence and support of the trade unions. This is the more noticeable because at first they met with definite hostility in that quarter. In 1896, the Trade Union Congress condemned the impartial public labour exchanges root and branch, and solemnly warned workmen everywhere "against every experiment based on any other principle than the sole control of labour exchanges by the labour organisations". In 1899 the congress, while formally reaffirming this view, practically abandoned it altogether by a resolution recognising that "under present conditions the establishment of public labour exchanges might be of great advantage to many trades," and recommending organised labour everywhere to take its part in the management of these institutions. By

1907 the establishment or exclusive use of such an exchange has come to be a common demand of the workmen in collective bargains or even the object of a strike.

The remarkable conversion from formal hostility to strong practical support is to be attributed to the following amongst other reasons :—

1. Experience of the value of successful exchanges in shortening for the individual workmen the average period between one job and the next, and thus for the union the period of unemployed pay.

2. The failure of purely trade union exchanges to secure general use by employers except in a few trades in which the men were already completely organised.

3. The establishment by employers of their own exchanges in definite opposition to trade unionism. A public (impartial) exchange is at any rate better from the workmen's point of view than an exchange managed deliberately with the object of maintaining a large reserve of labour or of blacklisting individual "agitators".

The support given to public labour exchanges is not indeed uniform. The printing trade has throughout Germany its own independent organisation, maintained by joint agreement of employers and employees. A very large number of trade union registries maintain a shadowy existence, and some few a real vigour. This, however, is due mainly to sectional feeling and conservatism; opposition on principle has practically died away.

On the employers' side there has not been wanting an assertion corresponding to that of the trade unions, in 1896, *i.e.*, a claim to organise the labour market themselves, in the interests of the buyer as against the seller of labour. "The maintenance of the partisan (employers') Labour Exchange," said a speaker at a representative conference, "is a matter of life and death for our industry." This assertion has received practical application in certain towns, such as Hamburg, and certain trades, such as the Berlin metal trades, where the development of public labour exchanges is hampered by the existence of exchanges maintained and effectively supported by associations of employers. That it does not represent the general attitude of employers either individually or in association is shown both by their increasing use of the public exchanges in nearly every town, and by their participation through representatives in the management of these institutions.

Practically all the important public labour exchanges in Germany have committees of management representing employers and employed. In Stuttgart, for instance, the committee consists of ten members elected in equal numbers by the employer and employee assessors of the Industrial Court with the president of the Industrial Court as *ex-officio* chairman. The Berlin (General Section) and Frankfurt Committees have this same constitution, except that in the former the chairman and a deputy-chairman are appointed by the Voluntary Association, and that in the latter the chairman is appointed by the Town Council. In Munich the employers' representatives are nominated by the municipality for the somewhat curious reason that even the employer assessors of the

Industrial Court included persons of a trade unionist or social democratic bias. In Cologne and Düsseldorf the committee is chosen in equal numbers by various organisations on either side, and elects from outside its own chairman and vice-chairman, subject to approval by the *Oberbürgermeister*. In Strassburg the committee consists of a chairman, ten employers, and ten employees, half both of the employers and of the employees being chosen by organisations on each side, and half, together with the chairman, appointed by the municipality. In Nürnberg the committee consists of five municipal representatives, four employers, and four employees, all, however, nominated by the municipality. There is thus considerable variety in the constitution of these committees. Some are far more truly representative than others. There are also, no doubt, considerable differences in both their formal and their actual powers. Broadly speaking, however, these do not extend either to the determination of main principles—these are for the municipality or association which provides the funds—or to the details of daily routine—these are for the staff An exchange committee meets probably once a year for formal business, and oftener only if required to adjust a dispute or initiate a new movement. The Munich Committee, for instance, held three meetings in the twelve months ending May, 1907, to discuss alterations in the constitution, the removal of the office to a more central situation, and the establishment of branches in the suburbs. The Stuttgart Committee met eight times in the two years 1905-6. The Cologne Committee appears to have met only once in 1906-7.

The object of this paper is rather to describe German Labour Exchanges than to marshal the arguments in their favour. In Germany, at any rate, it is very generally realised that to put upon the individual workman the whole burden of finding and following the ever-shifting market for his labour is to leave to isolated action a matter that cries out for organisation, and that in regard to every other commodity in the world has obtained full measure of organisation. Everything else that is bought and sold has its known marts; labour alone is still hawked blindly from door to door or town to town. This general argument for the organisation of the labour market is, of course, reinforced by many others. The isolated search for work, it is argued, is demoralising to the individual as well as economically wasteful; vagrancy cannot be repressed sternly until blind tramping in search of work is made unnecessary; unemployment cannot be met by insurance except in so far as a fairly complete organisation of the labour market affords a direct test of unemployment; industrial crises cannot safely be met by emergency measures unless the State is provided with an accurate and automatic indication of the beginning, existence and ending of these crises. On the other hand, there appears to be in Germany little or no recognition of the possible use of labour exchanges as instruments for the "de-casualisation" of labour. In a good many exchanges, indeed, it is laid down that men, if otherwise suitable, shall be selected for vacancies according to priority of application—a rule which, in so far as it is carried out, must have an effect directly opposite to "de-casualisation,"

tending to distribute casual jobs in rotation over a large number of men instead of concentrating them so as to afford a reasonable living to a few.

The public labour exchanges of Germany are still only at the beginning of their development. Their success, though in many cases remarkable, falls far short of anything like domination of the labour market. They are still nearly excluded from some trades and of little importance in many others. Their most conspicuous successes are in towns, such as Munich, Stuttgart, Freiburg, which industrially are only of the second rank. Some of their most important uses, such as the de-casualisation of labour or the provision of a direct test of unemployment as a safeguard to systems of insurance or outdoor relief, are only just being realised or are hardly realised at all. They are still an instrument in the process of being made and perfected, rather than one in full use. Yet no one can doubt that they have come to stay and to grow as the many services they may render come to be more fully recognised. They do not solve the unemployed problem. They simplify it enormously, and are indispensable to a solution.

Note on the Berlin Breweries Exchange.

In a set of offices in the same building as the skilled sections of the Berlin Public Exchange is an Exchange established by the Berlin Breweries Association. Though financed by the Association this is managed by a joint committee of elected representatives of the employers and workmen with an impartial non-voting chairman, and supplies the whole of the labour for all the firms in the Association (including the great majority of the breweries in Berlin and its neighbourhood). Men are forbidden to call round at the breweries in search of work, and the breweries are pledged to take through the Exchange substantially the whole of their labour. To meet exceptional cases each brewery is allowed to engage a certain small number of men—according to its size—otherwise than through the Exchange, but few make full use of this exemption. During 1906 the rules would have allowed of the direct engagement of 427 men (in breweries with a total staff of 6,306), but actually only 102 were so engaged. In the same year 3,417 regular and 6,365 casual situations were filled through the Exchange, at a total cost of £233. The men on registration pay a fee of 2½d., as in the Public Exchanges. The proceeds, however, are devoted not to administration, but to making grants to distressed workmen in the trade. The development of this into a formal insurance system has been mooted. The Exchange normally sends men to work according to priority of application—with a right of refusal on the side alike of employer and workman—but gives a preference to those who have already worked in a brewery over those who have not. This rule, which finds most application in regard to men of skilled trades which are practised both in breweries and outside them, has, it will be seen, the effect of preventing invasion from

outside. The Breweries Exchange though formally distinct from the Public Exchange in practice closely resembles one of the sections for skilled trade, as described above, and has as chairman of its managing committee the chairman of the general committee of the Public Exchange.

APPENDIX B.

EXISTING METHODS OF SEEKING EMPLOYMENT IN GREAT BRITAIN.[1]

Four organised methods of bringing would-be employers and employed into communication are of sufficient importance to call for individual notice; namely, newspaper advertisement, private or profit-making registries, trade union registration, and public labour exchanges. In addition to these the industrial world is permeated by informal connections and channels of information guiding the movements of workmen in search of employment and directing the inquiries of employers. These various topics may be taken in order.

1. Newspaper Advertisements.

Advertisement in a newspaper is available as a last resource for finding work or workpeople in all occupations. It is a normal or important method only in a few. An analysis of the advertisements in fifteen papers made by the Board of Trade in 1893 showed that of 1,606 advertisements dealing with women more than three-quarters related to domestic service and half the remainder to shop assistants; while of 1,482 dealing with men, 521 related to shop assistants, 173 to clerks and warehousemen, and 216 to domestic service, leaving only 572 for all the other trades together.[2] For more recent times the position may be indicated by the following notes as to advertisements in some of the London newspapers on one day during the present year—the busiest day of the first week of May[3] being taken in each case.

Daily Telegraph.—Men and boys: 301 places offered and 95 places wanted. Clerks, agents and shop assistants form the great majority in each case. Anything in the nature of industrial employment is very little represented. Women and girls: 248 places offered and 43 places wanted. About a third of these relate to domestic servants; nearly all the remainder to clerks and shop assistants.

Daily Chronicle.—Men and boys: 43 places offered and 335 places wanted. Here industrial occupations are somewhat better represented—the metal, woodworking and building trades all yielding appreciable numbers of places wanted. Substantially the only men's

[1] This Appendix was written before the passage of the Labour Exchanges Act, 1909. For recent developments, see Appendix E.

[2] *Agencies and Methods*, 1893, pp. 131-34.

[3] This month is taken as being probably on the whole that of briskest demand for labour.

places offered, however, relate to watchmaking and jewellery.[1] Women and girls: 113 places offered—all for domestic service.

Daily News.—This practically deals only with the printing trades—yielding 7 places offered and 78 places wanted. Among the latter are a good many advertisements by compositors specifying in some cases whether they are unionists or non-unionists. It is interesting to notice that comparable numbers come from both categories. Taking four successive Tuesdays in May, 1908, there appear 55 advertisements by non-unionist compositors as against 30 by unionists and 66 unspecified. This indicates a tendency for the employers to look elsewhere than to the trade union registry even when they want union men.

Morning Post.—Here advertising is confined to domestic service and is considerable.

Morning Advertiser.—This is the recognised medium for the public house trade.

The tendency for particular papers to specialise in certain lines is noticeable. It is also somewhat noticeable that the only occupations in which newspaper advertisement appears to play an important part—the commercial ones and domestic service—are distinctly outside the strictly industrial sphere and are at the same time those in which alone private registries have any hold.

2. Private Registries.

Private or profit-making registries are of importance only in two sets of occupations—the commercial and clerical, and those connected with or akin to domestic service. Those dealing with the latter types of employment are to be found everywhere and need no special description. Those dealing with commercial situations are naturally to be found only in great centres of business such as the city of London. They charge fees as a rule both to employers and applicants, the latter commonly having to pay both a fixed sum on registration (up to £1 1s. or even more) and a percentage of the first twelve months' salary in any situation found, whether the situation lasts twelve months or not. A charge of this nature, though quite consistent with straightforward dealing, also of course opens the door to fraud by collusion between the registry and an employer. The latter may constantly be engaging clerks and discharging them after a few weeks, while the former takes its twelve months' percentage from each. There is nothing indeed to prevent registry and employer from being the same persons under different names.

Often, it may be added, a registry dealing with commercial occupations stands not by itself but as an adjunct to some training establishment, *e.g.*, a school of typewriting.

[1] The day taken is not in this case typical. The first Tuesday in November, 1908, for instance, yields 122 advertisements for men and boys (in a fair variety of trades) as against 290 by them.

3. Trade Union Travelling Benefit and Registries.

A trade union necessarily becomes to some extent a means of assisting its members to obtain employment. Even if nothing more is done its members, in work and out of work, come together at branch meetings, and information spreads as to the places where trade is active or expected to become so. Very commonly, however, a good deal more is done. First, many trade unions provide "travelling benefits," that is to say, allowances for board and lodging whereby their members may be enabled to go from one district to another in search of work. Second, the union organisation itself becomes a means of collecting and distributing precise information as to the state of the labour market in each district, developing sometimes into a recognised registry or exchange to which employers and foremen send direct so soon as they need men. Much valuable information on both these points is collected in the Board of Trade Report of 1893 on Agencies and Methods for dealing with the Unemployed. The following summary may be quoted :—

"*Travelling Benefit.*—Many unions which provide unemployed benefit give additional payments to unemployed members travelling in search of work. In addition to these there are several societies, notably among the building trades, which have no unemployed benefit proper, but which make allowances, amounting usually to 1s. 6d. a day, to travelling members. Precautions are taken against imposition, and members in receipt of this benefit must be continually on the move, strict limits being placed upon the number of days' benefit which they may draw within a given district. It is found, however, by some unions that the benefit is largely taken advantage of, especially in the summer, by members of a roving disposition, and the payment is thought by many to encourage tramping. Some unions (*e.g.*, the Scottish Typographical Association) have, therefore, discontinued it altogether. The same difficulty on a more serious scale was found by the Ironfounders Society when it introduced a special emigration benefit in 1885 ; members used that allowance to obtain a holiday trip, and then returned, and it had to be dropped after eighteen years' trial."

"*Assistance to Members in Obtaining Work.*—In the case of some societies (*e.g.*, the London Society of Compositors) it is the custom of employers to apply frequently to the society for men, and the office, therefore, acts as a kind of labour bureau. A few unions (*e.g.*, the Dublin Bakers) go so far as to prohibit members from applying for work except through the society. In most societies, however, the main bulk of the work of obtaining employment is done by individual application, but many of the societies assist their members in the search for work by announcements, made at branch meetings, of jobs vacant or of members wanting jobs, and in many other ways. In some societies (*e.g.*, the Steam Engine Makers) considerable pains are taken to find places for unemployed members. Others (*e.g.*, the Amalgamated Society of Carpenters and Joiners) pay a small 'bonus' of 6d. to any member who takes another 'off the books' by finding him a situation."

"The chief important societies publish periodical reports showing the state of employment in the districts in which they have branches, and distribute these reports gratuitously to their members. Some (*e.g.*, the Engineers, Ironfounders, Compositors and others) publish lists of the workshops in each district at which their members may apply for work."

No comprehensive inquiry of a similar character appears to have been made of recent years. Yet there can be no doubt that the foregoing summary applies more or less accurately to-day, both as regards travelling benefit and as regards guidance in the search for employment.

Travelling benefit in its crude form implies the issue of a tramp card or certificate entitling the holder to draw for board and lodging upon any of the union branches while leaving him free to roam at will and at hazard from town to town. In this crude form it is still largely given, but is, beyond question, of diminishing importance. It is discountenanced by many union officials on the ground already indicated, that it encourages idle tramping and demoralises the workman. It involves often a rather cool welcome from the branch to which the tramp comes. In so far as he has come more or less on chance he is likely to find men unemployed on the spot; the local unionists will be more concerned to hasten the passage of the tramp to the next town than to encourage his settling down where he is. It is, finally, an obviously inferior method of conducting the search for work. A union having branches in many towns can do better by using its organisation to discover where work is to be had and sending men there direct and rapidly, than by assisting them to tramp without definite guidance. In the Board of Trade Report the opinion of the general secretary of the National Society of Amalgamated Brassworkers is quoted to the following effect: "Travelling from town to town in search of work has greatly decreased. The trade tramp is dying out and the sooner the system is dead the better. One of the oldest trade unions only recently expunged the travelling rule, on the ground that travelling in search of work tended to degrade members. Travelling after work where there is some evidence that it exists, and where the workman receives help either from his society or his friends, is in my judgment on the increase. Leaving home or the town is not so much dreaded as formerly, railway excursions being so cheap, frequent and speedy." In the same report a decrease of travelling in search for work is noted in such important unions as the Friendly Society of Ironfounders, the Boilermakers and Iron Shipbuilders, the Amalgamated Society of Carpenters and Joiners, the Operative Bricklayers, and the Operative Stonemasons as well as in many others. The statistics as to the first named of those unions are sufficiently full and interesting to be worth giving in detail.

TABLE XXXIV.—FRIENDLY SOCIETY OF IRONFOUNDERS—TRAVELLING BENEFIT, 1873-1907.

	Total No. of Tramp Cards Issued.	No. of Tramp Cards Issued per 1,000 Members of the Society.	Average No. of Members Constantly on Travel.	No. of Members at any Time Travelling per 1,000 Members of the Society.
1873	940	81	60	6·3
1874	1,648	138	86	7·2
1875	1,762	142	70	5·7
1876	1,925	152	108	8·6
1877	1,912	151	155	12·3
1878	1,897	150	177	14·0
1879	1,963	159	213	17·4
1880	1,430	123	139	12·0
1881	1,286	114	89	7·9
1882	1,194	104	57	5·0
1883	1,213	101	63	5·3
1884	1,511	121	99	8·0
1885	1,418	114	113	9·1
1886	1,345	111	108	9·0
1887	1,243	106	101	8·6
1888	1,056	87	57	4·7
1889	883	64	22	1·6
1890	1,253	85	45	3·0
1891	1,542	101	77	5·0
1892	1,502	99	119	7·8
1893	1,286	84	106	7·0
1894	1,329	87	123	8·1
1895	1,175	77	100	6·6
1896	1,134	72	50	3·1
1897	1,066	64	51	3·1
1898	1,062	63	44	2·6
1899	881	50	26	1·5
1900	1,129	62	49	2·7
1901	1,469	80	101	5·5
1902	1,298	71	98	5·4
1903	1,233	67	98	5·3
1904	1,431	78	155	8·4
1905	1,083	59	116	6·3
1906	913	48	55	3·0
1907	1,059	56	78	4·0

The table shows, first, a considerable fluctuation with the state of trade; second, a general decrease. Both points are clearly brought out by calculating the average for successive periods of expansion and depression, taking three years in each case.

TABLE XXXV.—FRIENDLY SOCIETY OF IRONFOUNDERS—AVERAGE NUMBER OF MEMBERS CONSTANTLY ON TRAVEL PER 1,000 MEMBERS IN THE SOCIETY.

Good Trade.		Bad Trade.	
Years Taken.	Average.	Years Taken.	Average.
1871-1873	—	1877-1879	14·6
1881-1883	6·1	1885-1887	8·9
1888-1890	3·1	1892-1894	7·6
1898-1900	2·3	1903-1905	6·7

As regards guidance in the search for employment the position appears to be still much as it was in 1892. A few of the most strongly organised societies habitually receive applications for workpeople direct from employers or foremen. Such is the case with the Boilermakers and Iron Shipbuilders, the Patternmakers, the London Compositors, the London Printing Machine Managers, the Typographical Association, and others. A good many more receive applications occasionally —according to the state of trade. But even in the most highly organised trades the use of the union office as a labour bureau is hardly ever exclusive of other methods of seeking employment or obtaining workpeople. It is not a method to which employers lend themselves very readily. They do not wish to become altogether dependent upon a possibly hostile organisation. They have a natural objection to the not infrequent rule that men on the vacant list shall be sent to jobs in the order not of capacity but of signature. Generally speaking, the union has to rely upon reports by its own members for notice of situations offering. One or two have tried to secure such reports by a small payment to any working member taking another off the books by finding work for him.[1] Other unions have endeavoured to organise a regular system for the notification of vacancies. The Associated Society of Carpenters and Joiners, for instance, at one time issued addressed postcards for the purpose to all its members, but found it impossible to get them used. The Wheelwrights and Coachmakers Operatives' Union (London) maintained a system of this nature till quite recently, issuing stamped and addressed postcards to employers, foremen and its own members for return to its labour bureau notifying vacancies. During the year 1907 677 postcards were received and 40 men placed, at a cost (exclusive of any salary to the superintendent) of £4 10s. 7d., or 2s. 3d. per situation. Complaint is made in the report for 1907 of the apathy and indifference of some members in notifying vacancies, and it is clear that the bureau is far from being the main avenue to employment. The report refers to "the members who are out of employment who become disheartened by merely walking over the same ground and calling upon the same employers week after week

[1] *E.g.*, the Amalgamated Society of Carpenters and Joiners, as mentioned above.

with the result that the employers form an opinion that these are worthless workers being always out of employment". This union has now transferred all its vacant books to the Metropolitan Employment Exchanges.

These, however, are rather exceptional cases. For the most part the union contents itself with imposing a formal obligation upon its members to insert a notice of any vacancies within their knowledge in the vacant book. Very commonly a fine may be inflicted for neglect of this duty, and commonly also it is accompanied by a prohibition of any assistance to non-unionists in obtaining employment.

Broadly speaking, the unions serve rather to enlarge the scope of the personal search for work, by travelling benefits, and to guide it, by general indications as to the state of the labour market, than to replace it altogether. In giving this help and guidance they render a very important service to industry. At the same time their activity here falls immeasurably short of any organisation of the labour market. In scope it is limited entirely to trade unionists—a fifth or a sixth of the working population. In character it is, except with a few of the strongest societies, more akin to the help which every man gets from his mates—unionist and non-unionist alike—than to the formal organisation of a labour exchange.[1]

4. Public Labour Exchanges (1909).

In almost any country but the United Kingdom the present section would be lengthy and important. Public labour exchanges fill a prominent and growing place in the industrial organisation of Germany.[2] They have been established or are being established on a considerable scale in many other European States—France, Austria, Belgium, Switzerland and Norway. In the United Kingdom they have till within the last year or two been almost without exception unimportant and unsuccessful. Those in existence at the end of 1905 are described in an official return issued by the Local Government Board. The principal experiment since then—and the largest yet attempted in this country—that of the Central (Unemployed) Body for London, has been noticed in dealing with the Unemployed Workmen Act.[3]

The first labour bureau in this country appears to have been that established by voluntary action at Egham in February, 1885. This accomplished some real though limited work—filling a maximum of 289 situations in 1891—but declined and was closed on the passing of the Local Government Act in 1894. Another voluntary bureau, at Ipswich, established a few months after the Egham one, continued till it was

[1] Calling on friends at work to let them know one's need is perhaps the most general method of beginning the search for employment to-day.

[2] See Appendix A.

[3] *Labour Bureaux*, report by Mr. H. D. Lowry, one of H.M. inspectors for the Local Government Board, 1906, 86. The Board of Trade Report on *Agencies and Methods for Dealing with the Unemployed* (1893) describes an earlier epoch (pp. 97-119).

taken over by the Distress Committee in 1906. Increasing depression of trade at the end of 1892 once more drew the attention of municipal authorities to the question, and several bureaux were established. Most of these, however, served only to register men for relief works and came to an end with the winter. A few maintained a fluctuating existence up to the passing of the Unemployed Workmen Act in 1905. The most successful appears to have been that at Plymouth which for some years placed 1,000 to 1,500 men annually, but was taken over with fatal results by the Distress Committee. The Glasgow Corporation Bureau, started apparently about 1897, filled a larger number of situations, but mainly for women and girls in domestic service. The Chelsea Bureau, described at some length in the 1893 Report as being "one of the most important labour bureaux under the control of a London Vestry," ceased making returns to the Labour Department after 1894. Such of the London bureaux as survived to 1901 were suspended in that year owing to a doubt whether they could legally be maintained out of the rates by the Metropolitan Borough Councils which under the London Government Act of 1899 had succeeded to the vestries. After this doubt had been set at rest by the Labour Bureaux (London) Act, 1902, some were revived. Outside London, municipal expenditure on labour bureaux was made possible by the fact that the authorities concerned were not subject to a Local Government Board Audit.

At the end of 1905 the official inquiry already mentioned discovered 21 municipal and 3 non-municipal bureaux in existence—the total number of situations filled by twenty of them during the twelve months ending 31st August, 1905, being 16,290. Only seven of these bureaux had been in existence more than three years. Eleven of the municipal ones were in London and ten outside. The former, with the exception of those at Battersea and Westminster, were all taken over by the Central (Unemployed) Body during 1906. Only one proved to have at the time any substantial goodwill amongst ordinary employers. The rest were either moribund, merged in Distress Committee registration or practically confined to the supply of casual men to the municipality.

The provincial bureaux have also for the most part been taken over by Distress Committees.

5. Informal Organisation in the Labour Market.

The four agencies just mentioned—newspaper advertisement, private registries, trade union registries and public labour exchanges—are the only prominent forms of organisation for bringing would-be employers and workmen into communication. Yet clearly all four together cover but an insignificant fraction of the whole field. They in no sense answer the question as to how men, in fact, obtain employment. They are probably still far less important than the informal connections and customs which spring up to guide and shorten the personal search for employment in each trade. These connections are of two types—local and personal.

On the one hand, there come to be well-known spots at which situations are notified or even actual engagements made, and at which therefore men habitually congregate. At the Liverpool Docks, for instance, there is a series of "stands" each used by a group of employers. In London it is an unwritten law that stevedores for the East and West India Docks should be taken on outside the "Blue Posts" in the West India Dock Road; there are all along the waterside many other well-known spots—generally also public-houses [1]—at which men congregate and to which employers send for men. Again, to take quite another London industry, that of furniture-making, wholesale shops which supply manufacturers with tools or materials often make a practice of exhibiting for their customers notices of men required. In the Curtain Road district there are at least three such shops which have regular notice boards for the purpose and are indeed nothing less than labour exchanges. All the unemployed of every grade in cabinet-making go the round of these three shops systematically; having done that they feel that they have exhausted the possibilities of the trade.[2] A similar custom exists with regard to female machinists for blouse, skirt and mantle making in the city. Shops where machines are repaired serve also as labour exchanges for the group of employers with whom they are in touch. It would probably be possible to multiply such instances indefinitely. One set of economic relations leads naturally to another. The dealer in manufacturers' materials becomes very readily also their labour exchange or at least the channel of information as to their demands for labour.[3]

Local connections, it will be noticed, merge imperceptibly into those which are less local than personal. Men "follow up" some particular foreman, or when out of work call in turn upon all their mates who are in work to ask for intimation of the next vacancy. Such methods are of course of perfectly general application. They are, perhaps, most universal in the building trade. Apart from them, indeed, the building trade is the least organised of any and illustrates most perfectly the plan of hawking labour from door to door. A foreman, with a few picked and practically permanent men, goes down to a job and waits till others come along. Some of those will be men habitually following up that foreman when out of a job; they will have got his address or he may even have their addresses and have sent them a card. Some may be known to the picked men; each of these, indeed, will have become the centre of a spreading circle of information. Some will have seen the contractor's portable office

[1] *Cf. West Ham*, E. Howarth and M. Wilson, p. 208. The public-house, as a place of common resort, develops naturally into a Labour Exchange. The disadvantages of this form of labour market organisation, especially in conjunction with the foreman system, are obvious.

[2] For the allied industry of coach-making there are three well-known shops in Long Acre where vacant situations in all parts of London are notified in books kept for the purpose and open to the inspection of workmen.

[3] In the dyeing and cleaning industry, for instance, there is at least one wholesale house (supplying dyes, soaps, etc.) whose travellers, passing continually from one employer to another, regularly convey information as to where men are wanted or are to be had.

going down the street on a lorry and will have tracked it to its destination. Others will come guided by stray hints picked up from passers by, at street corners, in public-houses, or even tramping by chance alone.[1] In one way or another the job fills up. As to the manner of filling up two things have to be noticed. First, a certain proportion of men who apply and get put on at the beginning of a job are frequently found to be incompetent or unsteady workmen. After a few hours or days' trial these go or are dismissed as better men come along. By a process of "weeding out" to which frequent reference is made by builders and foremen, efficient gangs are obtained. The inefficient men go on to repeat the process elsewhere; they are constantly getting and losing jobs after a short trial. Second, the foreman has often more power than he can be trusted not to abuse. Evidence of men bribing the foreman in order to secure or to keep employment is not easy to obtain. Yet there cannot be the slightest doubt that either in a direct form or in the indirect form of convivial drinking it is quite common both in building and in other trades where the foreman system is much developed. It is regarded, indeed, often as a matter too notorious for comment.[2] Personal connections in the labour market as elsewhere, whether through foremen or through fellow workmen, involve all the familiar dangers of patronage.

Such then are the methods by which the indispensable commodity of labour is brought to market to-day. Here and there within a narrow scope are formal labour exchanges. Everywhere are informal connections and channels of information. The personal search for employment from door to door remains the dominant method. It is seldom perhaps wholly blind. It is almost always a groping in the half-light or the dark. The outline already given cannot better be filled in than by the following record of actual experiences—the early experiences of one of the best-known representatives of labour, a member of a skilled trade, and a life-long unionist:—[3]

"No better fortune awaited them in London. The young husband sought work with no success. News reached him that his trade was thriving again in Liverpool, so he set out to tramp there a second time.[4]

. . . . . .

[1] A carpenter—belonging to one of the smaller unions—after agreeing with my suggestion that his union was of great value to him in telling him where work was to be had, when he came to explaining how in fact he would look for work if he were then in need of it, said that his first move would be to go, not to the union office, but to Liverpool St. Station and leave his tools in the cloakroom (any number of men do this), and his next to tramp the streets at hazard.

[2] When asking how men found work at some of the docks I have had the unexpected answer: "Go down to X—— and hold up your hand with a penny in it".

[3] *From Workhouse to Westminster: The Life Story of Will Crooks, M.P.*, by George Haw (Cassell & Company, Limited, 1907). The description of Mr. Crooks' tramping for work is so apposite and so telling that I have taken the liberty of quoting it at some length.

[4] He had already tramped once to Liverpool from London through Burton-on-Trent, and had with some trouble obtained work but had gone back to London on the death of his child.

"In Liverpool, again, the prospect was not what he had been led to believe. An odd job here and an odd job there still left him in want. At last, in response to the earnest entreaties of his wife, whom nothing could persuade to revisit Liverpool, he returned to take his chance again in London.

"This time Crooks determined to try to find work outside his own trade. He went down to the docks, where by the aid of a friendly foreman he got occasional jobs as a casual labourer.

. . . . . .

"One typical day of tramping for work in London he described to me thus :—

"'I first went down to the riverside at Shadwell. No work to be had there. Then I called at another place in Limehouse. No hands wanted. So I looked in at home and got two slices of bread in paper and walked eight miles to a cooper's yard in Tottenham. All in vain. I dragged myself back to Clerkenwell. Still no luck Then I turned homewards in despair. By the time I reached Stepney I was dead beat.

"'That year I know I walked London till my limbs ached again. I remember returning home once by way of Tidal Basin, and turning into Victoria Docks so utterly exhausted that I sank down on a coil of rope and slept for hours.'

. . . . . .

"Work came at last in an unexpected way. He was returning home after another empty day when he hailed a carman and asked for a lift.

"'All right, mate, jump up,' was the response.

"As they sat chatting side by side, the carman learnt that his companion was seeking work.

"'What's yer trade?' he enquired.

"'A cooper.'

"'Why, the governor wants a cooper.'

"So instead of dropping off at Poplar, Crooks accompanied the carman to the works. . . . That work was a stepping-stone to another and better job at Wandsworth. . . . Crooks was never out of work again in his life.

. . . . . .

"Nothing wearies one more than walking about hunting for employment which is not to be had. It is far harder than real work. The uncertainty, the despair, when you reach a place only to discover that your journey is fruitless are frightful. I've known a man say : 'Which way shall I go to-day?' Having no earthly idea which way to take, he tosses up a button. If the button comes down on one side he tracks east ; if on the other, he tracks west."

Nothing can better illustrate the waste of time, energy and shoe

leather involved in the personal search for employment. This is the lottery which industrial disorganisation makes of the workman's life. This is the process as to which comfortable ignorance has so often assured us: "The men know where to look for work all right; they know; Lord bless you! *they* know".

APPENDIX C.

REPORT OF THE DEPARTMENTAL COMMITTEE ON VAGRANCY, 1906 (Cd. 2852).

This committee having been appointed in July, 1904, presented their report in February, 1906. Regarding the vagrant as "a wayfarer, as an inmate of casual wards, common lodging-houses or shelters, as an occasional worker, as an offender against the law and as an inmate of prisons" (§ 1), the report contains an historical summary of the treatment of such persons, a careful description of the practice at the present time, and a number of recommendations for legislative and administrative reform. The treatment of this class falls now into two main divisions—under the Vagrancy Acts (of which the principal one was passed in 1824) and under the Poor Law. Under the Vagrancy Acts "persons committing vagrancy offences are liable to three grades of punishment as 'idle and disorderly persons' or 'rogues and vagabonds' or as 'incorrigible rogues'" (§ 20). "The offences dealt with by the existing vagrancy law (the Act of 1824 and subsequent amending statutes) may be divided into three distinct classes, corresponding to the classes liable to punishment as vagrants: (1) Offences of the kind created by the Tudor legislation and committed by persons of a disreputable mode of life, such as begging, trading as a pedlar without a licence, telling fortunes, or sleeping in outhouses, unoccupied buildings, etc., without visible means of support; (2) offences against the Poor Law, such as leaving a wife and family chargeable on the poor rate . . . refusing to perform a task of work in a workhouse; and (3) offences committed by professional criminals . . . such as being found on enclosed premises for an unlawful intent . . ." (§ 20). "Under the Poor Law as reformed in 1834, the primary duty of the Guardians is to provide relief for destitute persons resident within their district. . . . The provision of casual wards for destitute wayfarers not belonging to the particular district is clearly a duty of an entirely different character, and was not contemplated by the framers of the Poor Law of 1834" (§ 24). Nevertheless, the workhouse authorities were confronted with a class of wandering and destitute persons and were compelled to provide for their accommodation in casual wards. An Act of 1842 enabled Guardians "to prescribe a task of work for persons relieved in the workhouse in return for food and lodging" (§ 26). From time to time efforts were made to bring some uniformity into the management of casual wards, but the existence of over 600 independent Boards of

Guardians defeated every attempt, and in 1905 the Departmental Committee report that they are "convinced that the present system neither deters the vagrant nor affords any means of reclaiming him" (§ 4). The principal reason for this they find in the fact that "there is variation between wards in every possible detail" (§ 99). "The number of persons with no settled home and no visible means of subsistence" is put at between 70,000 and 80,000 in times of industrial depression, and between 30,000 and 40,000 when trade is good, while the number of habitual vagrants, "an irreducible minimum," is placed at between 20,000 and 30,000 (§ 74). In view of these numbers and the character of the persons concerned, the committee recommend a retention of the casual ward system, but that it should be handed over to the police for management (§§ 120-147). They suggest that the Standing Joint Committees in counties and the metropolitan police under the Secretary of State in London should earn their grants from the Government on condition of the satisfactory management of the wards. To meet the case of men genuinely travelling in search of work a system of way-tickets is indicated (§ 178). Tickets are to be issued by the police to men of whose character and intentions they are satisfied, available for one month along a route specified on the ticket. Changes of route are to be sanctioned upon sufficient cause being shown (§§ 179-182). Such a ticket would entitle the wayfarer to board and lodging in casual wards, with a midday meal, in return for three hours' work daily (§§ 179-180).

For the habitual vagrant a system of labour colonies, each containing about 500 persons, is suggested with power of detention for a period not less than six months or greater than three years.[1] "The absolute necessity of some other mode [than imprisonment] of dealing with persons of this class is fully shown by the evidence; prison is no deterrent to them" (§ 220). It is suggested that colonies managed by private associations or local authorities should receive Exchequer contributions at a fixed rate per head of the inmates, conditionally upon satisfactory management (§§ 287-288). The colonies would be managed under regulations issued by the Secretary of State (§§ 284-285), and it would be possible for one local authority to use, if necessary, the colony of another in return for an appropriate payment. The suggested power of detention is justified by the experience of foreign labour colonies: "The experience of all the colonies where there is no power of detention is that they would be of no use in dealing with a class of men like the habitual vagrant" (§ 272). At the same time the committee are not very sanguine about the possibility of reforming the men even under a system of detention. "We do not find much evidence of the reformatory effect of labour colonies abroad" (§ 272), although in the case of the Swiss compulsory colony at Witzwyl some such result is indicated (§ 253). "The labour colonies we suggest should in character really be industrial or reformatory schools for adults rather

[1] Committal to a colony would follow upon a Court of Quarter Sessions or Assizes finding a man to be an incorrigible rogue under the existing law.

than penal establishments" (§ 282). The committee recommend one or two colonies of a penal character and under State management for the more determined vagrants (§ 305).

The committee further recommend that local authorities should be given undoubted and larger rights to inspect free and other shelters, and to refuse permission for such shelters to be opened in any particular case (§ 367). The power to veto the distribution of free food is also suggested (§ 360). The effects of indiscriminate almsgiving and of the cheap and free shelters in London and other large towns in attracting vagrants and making easy that way of life is very fully brought out in the report. Canon Barnett said of Whitechapel in his evidence: "Vagrants accumulate there because of the temptations of the shelters and the common lodging-houses" (§ 340). Similarly, of free food, Police Superintendent Cole said: "I am afraid some of the genuine working men go there and find that they can get food cheap, and then they . . . drift into their ranks" (§ 344). The committee say: "However low a man has sunk the shelter life keeps him from rising and in most cases still further demoralises him" (§ 350). "Having regard to the evidence we have received, we can come to no other conclusion than that free or cheap shelters, coupled with indiscriminate distribution of free meals, constitute a serious evil." "The maintenance of shelters as at present conducted and the free distribution of food to all-comers simply perpetuates the evil conditions and in no way remedies the disease" (§ 359).

The recommendations of the committee are thus seen to comprise a fairly complete scheme for dealing with that class of men which is outside the ranks of ordinary industry. In the one point where their suggestions touch the regular workman in search of work, it may be hoped that the duty of putting him on his way will eventually be undertaken by an industrial authority working upon the information of the Labour Exchange.

APPENDIX D.

LIST OF REPORTS AND OTHER PUBLICATIONS BEARING ON UNEMPLOYMENT.

PARLIAMENTARY PAPERS AND REPORTS.

(*Arranged Chronologically. The names of the more important reports are printed in italics.*)

Committee on Poor Laws. Report. 1817. (462.)

Committee on the means of lessening the evils arising from the fluctuation of employment in manufacturing districts. Report. 1830. (590.)

Poor Law Commission. 1834. (44.) (Reprinted 1907.)

Distress among the operative classes in the Stockport Union. Report of the Poor Law Commission. 1842. (158.)

Unemployed and destitute inhabitants of Paisley, Report of Committee on the treatment of. 1843. (115.)

Measures adopted for the Relief of Distress in Scotland, Correspondence relative to. 1847. (765), (788).

Public works required in the Cotton Districts and the Employment of Operatives thereon, Reports on. 1863. (293, 361.)

Distress in the Cotton Manufacturing District, 1862-4, Reports on. 1862. (413.) 1864. (60, 64, 71.)

Public Works (Manufacturing District) Acts, 1864-6, Reports on works carried out under. 1864. (30, 225, 486.) 1865. (5.) 1866. (375)

Pauperism and Distress. Return of circular letters from Boards of Guardians to the Local Government Board. 1866.

Condition of the Unions in South Wales, and measures taken for dealing with application for relief during the distress in the district. Report of the Local Government Inspector. 1878. (7.)

Depression of Trade and Industry. Report of the Royal Commission, 1885-6. (*Cd.* 4621), (*Cd.* 4715), (*Cd.* 4797), (*Cd.* 4893).

Pauperism and Distress. Return of circular letters on the subject; also other papers. 1886. (69.)

Poor Law Relief. Select Committee of the House of Lords. Report. 1888. (230.)

Agencies and Methods for dealing with the Unemployed. Board of Trade. 1893. (*Cd.* 7182.)

Circular letter from Local Government Board, 30th September, 1893, to Sanitary Authorities as to means which may be adopted for providing in times of exceptional distress employment for the unemployed. 1893-4. (454.)

Unemployed in Scotland during the winter of 1893-4. Report of the Board of Supervision on the measures taken by Local Authorities for their relief. (Cd. 7410.)

Work of the unemployed in the demolition of Millbank Prison. Report. 1893. (419.)

Labour, Royal Commission on, Reports, 1891-4. (*Cd.* 6708), (*Cd.* 6795), (*Cd.* 6894), (*Cd.* 7063), (*Cd.* 7421).

Labour Department of the Board of Trade. Report on its work since formation, with supplement of labour statistics. 1894. (Cd. 7565.)

Relief of Distress (Ireland). 1895. (267.)

Distress from Want of Employment. Select Committee of House of Commons 1st Report, 1895. (111) *2nd Report*, 1895. (253.) *3rd Report*, 1895. (365.)

Distress from Want of Employment. Select Committee, House of Commons. 1896. (321.)

Trade Unions in 1899, Report on. Board of Trade. 1900. (Cd. 422.) [Contains Summary of Unemployed Benefit Rules.]

The Unemployed. Outline of Mr. Long's scheme proposed at a Conference of Metropolitan Guardians. Local Government Board. October, 1904.

British and Foreign Trade and Industry. Second series of Charts and Memoranda: Fluctuations in Employment. Board of Trade. 1904. (*Cd.* 2337.)

Charts illustrating the Statistics of Trade, Employment, and Conditions of Labour. St. Louis Exhibition, 1904. (Cd. 2145.)

Agencies and Methods for dealing with the Unemployed in Foreign Countries. Board of Trade. 1904. (*Cd.* 2304.)

Vagrancy, Methods of dealing with, in Switzerland. Report by Mr. Preston-Thomas. (Local Government Board Inspector.) 1904. (Cd. 2235.)

London Unemployed Fund. Preliminary statement of work by Central Executive Committee. 1905. (Cd. 2561)

Unemployed Relief Work, London. Return as to work provided by Borough Councils during six months ending 31st March, 1905. (193.)

Trade Unions, Report on, 1902-4. Board of Trade. 1905. (Cd. 2491.)

Salvation Army Colonies. Report of Special Commissioner, Mr. H. Rider Haggard. 1905. (Cd. 2562.)

Agricultural Settlements in British Colonies. Report of Committee on Mr. H. Rider Haggard's Report. 1906. (Cd. 2978.)

Vagrancy, Departmental Committee on. Report, 1906. (*Cd.* 2852.) *With evidence* (*Cd.* 2891), *and appendix* (*Cd.* 2892).

Labour Bureaux. Report by Mr. H. D. Lowry. (Local Government Board Inspector.) 1906. (86.)
Proceedings of Distress Committees in England and Wales to 31st March, 1906. Local Government Board. 1906. (392.)
Distress Committees in Scotland to 15th May, 1906. Local Government Board for Scotland. 1907. (Cd. 3431.)
Proceedings of Distress Committees in England and Wales for year to 31st March, 1907. Local Government Board. 1907. (326.)
Distress Committees in Scotland, for year to 15th May, 1907. Local Government Board for Scotland. 1907. (Cd. 3830.)
Proceedings of Distress Committees in England and Wales for year to 31st March, 1908. *Local Government Board* 1908. (173.)
Abstract of Labour Statistics, 1907. Board of Trade. 1908.
Dock Labour in relation to Poor Law Relief; Report by Mr G. Walsh (Local Government Board Inspector). 1908. (Cd. 4391.)

PERIODICAL PUBLICATIONS.

Labour Gazette (monthly). Board of Trade.
Pauperism. Numbers relieved (monthly). Local Government Board.

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(*Arranged Chronologically.*)

Exceptional Distress. Report of a Special Committee of the Charity Organisation Society; with evidence. 1886.
Mansion House Relief Fund for the temporary assistance of the Unemployed. Report. 1886.
Mansion House Conference on the Condition of the Unemployed. Reports and suggestions by the Sub-Committee on agricultural colonies. 1887.
Mansion House Conference. First report on the Condition of the Unemployed. Pp. 32. London, 1888.
Mansion House Council. Report of Reference Committee, on work in Camberwell Park. 1888.
Whitechapel Guardians Report of the Committee of Guardians on Agricultural Training Homes for the Unemployed. 24th January, 1888.
The Homeless Poor of London. Report of a Special Committee of the Charity Organisation Society; with evidence. Pp. 150 1891.
Whitechapel Board of Guardians. Report for 1893. (Agricultural Training Homes.)
Mansion House Committee. Report on Distress in London caused by lack of employment. 1893.
Mansion House Conference. Report of Executive Committee. 1894.
Liverpool. Full report of the Commission of Enquiry into the subject of the Unemployed in the city of Liverpool; with evidence. Pp. 120. Liverpool, 1894.

Vagrancy. Report of a Committee of Quarter Sessions for Lincolnshire, Parts of Lindsey. Pp. 20. W. K. Morton, Lincoln, 1903.
Lack of Employment in London. Conference of Metropolitan Authorities. Pp. 50. London County Council. 1903.
Mansion House Committee on the Unemployed, 1903-4. Report. Pp. 45. London, 1904.
Camberwell. Report of the Unemployed Central Committee. Pp. 18. 1903-4. London, 1904.
Poplar Board of Guardians. Report on the Labour Colony by the Clerk to the Guardians. London, 1904.
Relief of Distress due to Want of Employment. Report of a Special Committee of the Charity Organisation Society; with evidence. London, 1904.
General Federation of Trade Unions. Report on Unemployment. London, 1905.
London Unemployed Fund, 1904-5. *Report of Central Executive Committee. Pp.* 160. *London*, 1905.
Joint Committees, 1904-5. Many separate reports. Not put on sale.
Temporary Colony for Unemployed at Garden City. Report of Trinity College Settlement, Stratford. 1905.
Queen's Unemployed Fund, 1905-6. Report. Pp. 130. Wyman, London, 1906.
Distress Committees, 1905-6. Many separate reports. Not put on sale.
Census of Homeless Persons on the night of 8th February, 1907. London County Council. Report.
Queen's Unemployed Fund. Supplementary report (Emigration). Wyman, London, 1908.
Distress Committees, 1906-7. Many separate reports. Not put on sale.
Central (Unemployed) Body for London. Preliminary report to 12th May, 1906. Pp. 85. P. S. King, London, 1908.
Central (Unemployed) Body for London. 2nd Annual Report, 1906-7. *Pp.* 150. *P. S. King, London*, 1908.
Unskilled Labour. Report of a Special Committee of the Charity Organisation Society; with evidence. Pp. 240. *London*, 1908.
Distress Committees, 1907-8. Many separate reports. Not put on sale.

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Crocker, U. The Cause of Hard Timeys. Pp. 110. Boston. 1896.
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Drage, G. The Unemployed. Pp. 277. Macmillan, London, 1894.
Foxwell, H. S. Irregularity of Employment and Fluctuations of Prices. Pp. 96. Edinburgh, 1886.
Hatch, E. F. G. A reproach to Civilisation. A treatise on the problem of the Unemployed. Pp. 110. London, 1906.
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Loch, C. S. Exceptional Distress. Paper read the Annual Poor Law Conference for the North Midland District . . . at Leicester. December, 1886.
Barnett, S. A. Training Farms for the Unemployed. Nineteenth Century. 1888.
Rawlinson, Sir R. Public Works in Lancashire for the Relief of the Unemployed during the cotton famine. London, 1890.
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APPENDIX E.

BOARD OF TRADE LABOUR EXCHANGES.

This Appendix contains :—

(1) Labour Exchanges Act, 1909.

(2) General Regulations made thereunder by the Board of Trade.

(3) Memorandum with regard to Co-operation between Labour Exchanges and Local Education Authorities, with Special Rules made by the Board of Trade for the Registration of Juvenile Applicants.

(4) Paper on "The National System of Labour Exchanges," read by Mr. C. F. Rey, General Manager of Labour Exchanges, at a Conference on the Prevention of Destitution, May, 1911.

(5) Statistics of Labour Exchanges in 1911.

(1) LABOUR EXCHANGES ACT, 1909.

9 Edw. 7, ch. 7.

An Act to provide for the establishment of Labour Exchanges and for other purposes incidental thereto.

[20th September, 1909.]

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

1.—(1) The Board of Trade may establish and maintain, in such places as they think fit, labour exchanges, and may assist any labour exchanges maintained by any other authorities or persons, and in the exercise of those powers may, if they think fit, co-operate with any other authorities or persons having powers for the purpose.

(2) The Board of Trade may also, by such other means as they think fit, collect and furnish information as to employers requiring workpeople and workpeople seeking engagement or employment.

(3) The Board of Trade may take over any labour exchange (whether established before or after the passing of this Act) by agreement with the authority or person by whom the labour exchange is maintained, and any such authority or person shall have power to transfer it to the Board of Trade for the purposes of this Act.

(4) The powers of any central body or distress committee, and the powers of any council through a special committee, to establish or maintain, under the Unemployed Workmen Act, 1905, a labour exchange or employment register shall, after the expiration of one year from the

commencement of this Act, not be exercised except with the sanction of, and subject to any conditions imposed by, the Local Government Board for England, Scotland, or Ireland, as the case may require, and that sanction shall not be given except after consultation with the Board of Trade.

2.—(1) The Board of Trade may make general regulations with respect to the management of labour exchanges established or assisted under this Act, and otherwise with respect to the exercise of their powers under this Act, and such regulations may, subject to the approval of the Treasury, authorise advances to be made by way of loan towards meeting the expenses of workpeople travelling to places where employment has been found for them through a labour exchange.

(2) The regulations shall provide that no person shall suffer any disqualification or be otherwise prejudiced on account of refusing to accept employment found for him through a labour exchange where the ground of refusal is that a trade dispute which affects his trade exists, or that the wages offered are lower than those current in the trade in the district where the employment is found.

(3) Any general regulations made under this section shall have effect as if enacted in this Act, but shall be laid before both Houses of Parliament as soon as may be after they are made, and, if either House of Parliament within the next forty days during the session of Parliament after any regulations have been so laid before that House resolves that the regulations or any of them ought to be annulled, the regulations or those to which the resolution applies shall, after the date of such resolution, be of no effect, without prejudice to the validity of anything done in the meantime under the regulations or to the making of any new regulations.

(4) Subject to any such regulations, the powers of the Board of Trade under this Act shall be exercised in such manner as the Board of Trade may direct.

(5) The Board of Trade may, in such cases as they think fit, establish advisory committees for the purpose of giving the Board advice and assistance in connection with the management of any labour exchange.

3. If any person knowingly makes any false statement or false representation to any officer of a labour exchange established under this Act, or to any person acting for or for the purposes of any such labour exchange, for the purpose of obtaining employment or procuring workpeople, that person shall be liable in respect of each offence on summary conviction to a fine not exceeding ten pounds.

4. The Board of Trade may appoint such officers and servants for the purposes of this Act as the Board may, with the sanction of the Treasury, determine, and there shall be paid out of moneys provided by Parliament to such officers and servants such salaries or remuneration as the Treasury may determine, and any expenses incurred by the Board of Trade in carrying this Act into effect, including the payment of travelling and other allowances to members of advisory committees and other expenses in connection therewith, to such amount as may be

sanctioned by the Treasury, shall be defrayed out of moneys provided by Parliament.

5. In this Act the expression "labour exchange" means any office or place used for the purpose of collecting and furnishing information, either by the keeping of registers or otherwise, respecting employers who desire to engage workpeople and workpeople who seek engagement or employment.

6. This Act may be cited as the Labour Exchanges Act, 1909.

(2) GENERAL REGULATIONS FOR LABOUR EXCHANGES MANAGED BY THE BOARD OF TRADE.

1.—(1) Applicants for employment through a labour exchange shall register and shall renew their registration there in person, if they reside within three miles of the exchange or within such other distance as the Board of Trade may direct from time to time, either generally or as regards any specified district or class of applicants.

(2) In the case of applicants not residing within the above limit of distance, the officer in charge of the labour exchange may accept registration or renewal of registration through the post.

(3) Applicants shall register upon a form containing the particulars set forth in the First Schedule hereto, subject to such modifications as may be made by the Board of Trade from time to time, either generally or as regards any specified district or trade or class of applicants.

(4) The above regulations shall not apply to juvenile applicants.

2.—Registration of applications for employment shall hold good for seven days from the date of registration or for such other period as the Board of Trade may from time to time direct either generally or as regards any specified district or trade or class of applicants, but may be renewed within that period for a like period and so on from time to time.

3.—(1) Any association of employers or workmen may file at a labour exchange a statement with regard to the existence of a strike or lock-out affecting their trade in the district. Any such statement shall be in the form set out in the Second Schedule hereto, and shall be signed by a person authorised by the association for the purpose. Such statement shall be confidential except as hereunder provided and shall only be in force for seven days from the date of filing but may be renewed within that period for a like period and so on from time to time.

(2) If any employer who appears to be affected by a statement so filed notifies to a labour exchange a vacancy or vacancies for workmen of the class affected, the officer in charge shall inform him of the statement that has been filed, and give him an opportunity of making a written statement thereon. The officer in charge in notifying any

such vacancies to any applicant for employment shall also inform him of the statements that have been received.

4.—(1) The officer in charge of a labour exchange in notifying applications for employment and vacancies to employers and applicants respectively shall undertake no responsibility with regard to wages or other conditions, beyond supplying the employer or applicant, as the case may be, with any information in his possession as to the rate of wages desired or offered.

(2) Copies or summaries of any agreements mutually arranged between associations of employers and workmen for the regulation of wages or other conditions of labour in any trade may, with the consent of the various parties to such agreements, be filed at a labour exchange, and any published rules made by public authorities with regard to like matters may also be filed. Documents so filed shall be open to inspection on application.

(3) No person shall suffer any disqualification or be otherwise prejudiced on account of refusing to accept employment found for him through a labour exchange where the ground of refusal is that a trade dispute which affects his trade exists or that the wages offered are lower than those current in the trade in the district where the employment is found.

5.—(1) Where an applicant for employment has been engaged through a labour exchange at which he is registered to take up employment at any place removed from the exchange or from his ordinary residence by more than five miles by the quickest route, or by such other distance as the Board of Trade may direct from time to time, either generally or as regards any specified district, the officer in charge may, at his discretion, make an advance to the applicant towards meeting the expenses of travelling to the place of employment.

(2) The advance may be made at the request either of the employer or of the applicant. The person at whose request the advance is made shall give such undertaking with respect to the repayment of the advance as the Board of Trade, with the consent of the Treasury, may from time to time prescribe either generally or as regards any specified district or class of applicants.

(3) No advance shall be made where the officer in charge has reason to believe that the employment falls within the terms of Regulation 4 (3) hereof.

(4) In making advances care shall be taken to avoid unduly encouraging rural labourers to migrate from the country to the towns or between Great Britain and Ireland.

(5) The advance shall not exceed the amount required to defray the applicant's fare to the place of employment, and will be made by the provision of a ticket or pass, or, in exceptional circumstances, in cash.

6.—The officer in charge of a labour exchange shall consult the central office in London before notifying to applicants for employment vacancies at any place outside the British Isles.

7.—(1) There shall be established by the Board of Trade in such areas of the United Kingdom as they think fit advisory trade committees consisting of equal numbers of persons representing employers and workmen in the district and appointed by the Board of Trade after consultation with such bodies and persons as they may think best qualified to advise them on the matter, together with a chairman, agreed upon by a majority of the persons representing employers and of the persons representing workmen, or in default of such agreement appointed by the Board of Trade.

(2) It shall be the duty of advisory trade committees to advise and assist the Board of Trade in regard to any matters referred to them in connection with the management of labour exchanges.

(3) The members of an advisory trade committee including the chairman shall remain in office for three years.

(4) Vacancies, howsoever caused, occurring in the membership or chairmanship of an advisory trade committee shall from time to time be filled in the same manner as provided by sub-clause (1) of this regulation in regard to the original appointment of members and chairman. Any person appointed to fill a vacancy shall not hold office after the expiration of the period during which the person in whose place he is appointed would have held office.

(5) At the request of the majority either of the persons representing employers or of the persons representing workmen on an advisory trade committee present at any meeting, voting on any particular question shall be so conducted that there shall be an equality of votes as between the persons representing employers and the persons representing workmen, notwithstanding the absence of any member. Save as aforesaid every question shall be decided by a majority of the members present and voting on that question.

(6) On any question on which equality of voting power has been claimed under sub-clause 5 of this regulation the chairman shall have no vote, but in case of the votes recorded being equal he shall make a report to that effect to the Board of Trade and may also, if he think fit, state his own opinion on the merits of the question.

(7) Subject to these regulations the procedure of any advisory trade committee shall be determined from time to time by the Board of Trade, or by the committee with the approval of the Board.

8.—(1) All applications for accommodation within the premises of a labour exchange shall be made to the officer in charge of such labour exchange, who shall consult the advisory trade committee for the district. Any such application shall only be granted for such purposes and on such terms and conditions as the committee may approve.

(2) In the case of labour exchanges which were in operation before the passing of the Labour Exchanges Act, 1909, existing arrangements with regard to accommodation may be allowed to continue except in so far as they may be modified or cancelled hereafter.

9.—Subject to these regulations, special rules may be made from time to time by the Board of Trade, after consulting the Board of

Education so far as regards England and Wales and the Scottish Education Department so far as regards Scotland and the Lord Lieutenant of Ireland so far as regards Ireland, with respect to the registration of juvenile applicants for employment; that is to say, applicants under the age of 17 or such other limit as the Board may fix, either generally or as regards any specified district or trade or class of applicants.

The Board of Trade make these Regulations by virtue of the power conferred upon them by section 2 subsection 1 of the Labour Exchanges Act, 1909.

Dated this 28th day of January, 1910.

H. LLEWELLYN SMITH,
Secretary.

Board of Trade,
Whitehall Gardens,
S.W.

FIRST SCHEDULE.

PARTICULARS TO BE INCLUDED ON THE FORM FOR REGISTRATION OF ADULT APPLICANTS FOR EMPLOYMENT.

(*N.B.—Applicants are not compelled to furnish all the particulars specified.*)

Surname_____ Other names_____ Age____

Address_____

Work desired_____

Last employer and previous employer in that class of work, with address and period and date of employment. _____

Qualifications for desired employment_____

Also willing to take work as_____

Whether willing to take work at a distance_____

When free to begin work_____

SECOND SCHEDULE.

FORM OF STATEMENT REFERRED TO IN REGULATION 3 (1).

I, the undersigned, being duly authorised by (*give the name of the Association*) beg to notify that the above Association has a trade dispute, involving (*insert "a strike" or "a lock-out," as the case may be*), with (*give the names of firms or class of firms or the name of the Association*).

Dated this day of 19 .

Signature

Address

(3) MEMORANDUM BY THE BOARD OF TRADE AND THE BOARD OF EDUCATION WITH REGARD TO CO-OPERATION BETWEEN LABOUR EXCHANGES AND LOCAL EDUCATION AUTHORITIES EXERCISING THEIR POWERS UNDER THE EDUCATION (CHOICE OF EMPLOYMENT) ACT, 1910.

1. We have had under consideration (*a*) the Education (Choice of Employment) Act, 1910, and (*b*) the Special Rules with regard to Registration of Juvenile Applicants in England and Wales made on the 7th February, 1910, by the Board of Trade, after consultation with the Board of Education, under the Labour Exchanges Act, 1909, and printed as an Appendix to the present Memorandum. Under the new Act the Councils of Counties and County Boroughs, as Local Education Authorities, are empowered to make arrangements, subject to the approval of the Board of Education, for giving to boys and girls under 17 years of age assistance with respect to the choice of suitable employment, by means of the collection and the communication of information and the furnishing of advice. In the Special Rules of the Board of Trade two alternative methods are indicated by which information, advice, and assistance with respect to the choice of employment and other matters bearing thereon can be given to boys and girls and their parents in connection with the working of Labour Exchanges. Paragraphs 2 to 5 of the Rules make provision for the establishment by the Board of Trade of Special Advisory Committees for Juvenile Employment, which may, as one of their functions, take steps to give such information, advice, and assistance, but without any responsibility with regard thereto being undertaken by the Board of Trade or the officers in charge of Labour Exchanges. Paragraph 6 of the Special Rules contemplates the case of a Local Education Authority which has and desires to exercise statutory powers for the purposes of giving information, advice, and assistance, and provides that, where such powers are exercised in accordance with

a satisfactory scheme, the registration of juvenile applicants for employment shall not be conducted by the Labour Exchange except in accordance with the scheme, and that the Board of Trade may dispense with the services of a Special Advisory Committee so far as the area of the Authority is concerned. The enactment of the Education (Choice of Employment) Act, 1910, renders it possible for the procedure contemplated by paragraph 6 of the Special Rules to be brought into operation.

2. We are of opinion that the employment of juveniles should be primarily considered from the point of view of their educational interests and permanent careers rather than from that of their immediate earning capacities, and accordingly we urge upon Local Education Authorities the desirability of undertaking, in accordance with the principles set out in the present Memorandum, the responsibilities offered to them by the new Act. We consider that it is of importance that these responsibilities should be exercised in the fullest co-operation with the national system of Labour Exchanges established under the Labour Exchanges Act, 1909, and the Board of Education will, therefore, before approving any proposals from Local Education Authorities for the exercise of their new powers, require adequate provision to be made for such co-operation. Where a satisfactory scheme has been brought into force by a Local Education Authority, paragraph 6 of the Special Rules will operate, and the Board of Trade will be prepared to recognise a Committee of the Authority as charged with the duty of giving advice with regard to the management of the Labour Exchange for its area in relation to juvenile applicants for employment. There are certain areas in which, pending the passing of the Act, the Board of Trade have already established, or have definitely undertaken to establish, Special Advisory Committees under paragraphs 2 to 5 of the Special Rules, and we presume that the Local Education Authorities for these areas will desire to continue the arrangements already made, at least until some further experience has been gained, and will consequently defer the exercise of their powers under the Act. So far as other areas are concerned, the Board of Trade do not propose to take any steps for the establishment of Special Advisory Committees until after the 31st December, 1911, except in the event of the Local Education Authority passing a formal resolution to the effect that they do not propose to exercise their powers under the Choice of Employment Act.

3. We recognise that the methods to be adopted by Authorities in working the Act must necessarily be subject to considerable variations in accordance with local conditions, and will, in particular, be affected by the distribution of the Labour Exchanges, the districts of which are not necessarily co-terminous with the areas of Authorities. We think, however, that in normal cases some such arrangements as are indicated in the following paragraphs are likely to be found effective in practice, and may be expected to ensure a reasonable distribution and correlation of functions between the Authorities and the Labour Exchanges.

4. The work to be undertaken by public bodies in giving assistance in the choice of employment for juveniles may be regarded as having

two branches. In the first place there is the task of giving such advice to boys and girls and their parents as will induce them to extend where possible the period of education, and to select, when employment becomes necessary, occupations which are suited to the individual capacities of the children, and, by preference, those which afford prospects not merely of immediate wages but also of useful training and permanent employment. In the second place, there is the practical task of registering the actual applications for employment and bringing the applicants into touch with employers who have notified vacancies of the kind desired.

5. In any scheme of co-operation put forward under the new Act the first of these two tasks, that of giving advice, should, we think, be assigned to the Local Education Authority, with the assistance of such information as to the conditions and prospects of particular kinds of employment as can be furnished by the Board of Trade through the Labour Exchanges. We think that the Authority should act through a special Sub-Committee, which may, perhaps, also be the Sub-Committee charged with the supervision of Continuation and Technical Schools, and which should always include an adequate number of members possessing experience or knowledge of industrial as well as of educational conditions. In its detailed working, which should include the keeping in touch with boys and girls after as well as before employment has been found for them, such a Sub-Committee will, we trust, utilise to the full the services not only of teachers and of school attendance officers, but also of voluntary workers, whose activities may here find one of their most valuable educational spheres; but the work will be of a kind which depends largely upon skilled and effective organisation, and it will probably be found desirable, as a rule, to put at the disposal of the Sub-Committee an Executive Officer, who will act as its secretary, and maintain the daily contact between the Authority, the voluntary workers, and the Labour Exchange.

6. As regards the second of these two tasks, namely, the registration of applications for employment and the selection of applicants to fill vacancies notified by employers, there is need for co-operation between the Education Authority and the Labour Exchange, and direct relations should be established between the Sub-Committee or officer of the Authority and the officer in charge of the Juvenile Department of the Labour Exchange. For this purpose it will probably be found convenient for the two officers to be located in the same or contiguous buildings. At present a good deal of the work done in connection with the employment of children is done at the Elementary and other schools at which the children are in attendance, and no doubt this will continue to be the case, at any rate so far as the giving of advice is concerned, but we desire to point out that the notification of applications for employment to a Central Office will increase the range of vacancies open to any one applicant, and will therefore advance the fundamental object of placing each applicant in the employment which best suits him, and to which he is best suited. We contemplate therefore that applications

for employment from children still at school will continue to be received and entered upon the necessary cards by their teacher, but that the cards will then, generally speaking, be forwarded by him to the Authority's officer. The applications from boys and girls who have left school can, we think, most conveniently be registered by the officer of the Labour Exchange, but arrangements should be made to admit of such applicants being interviewed by the Authority's officer either at the time of registration or as soon as possible after, as it is desirable that they should be fully advised before vacancies for employment are brought to their notice. All applications received in either of the ways indicated should at once be made available either in original or in copies for the use both of the Education Authority and of the Labour Exchange. Notifications of vacancies for employment should be made to the officer of the Labour Exchange, who will furnish the Authority's officer with information as to each vacancy for which he proposes to submit a boy or girl, and with the name of any boy or girl whom he proposes to submit for it. Information passing between the Authority and the Labour Exchange will naturally be held to be strictly for the purposes of their co-operation. We anticipate that in ordinary cases the question whether a particular vacancy is suitable for a particular boy or girl will give rise to no difference of opinion between the two officers. It will, however, probably be necessary to provide for the possibility of a difference of opinion. We think, therefore, that as a rule the decision should rest with the Authority's representative as regards any child who is still in attendance at an elementary or other day school or has not left the day school more than six months previously, and that as regards applicants who have passed this limit, the decision should rest with the officer of the Labour Exchange, who will, however, consult the Authority's representative in all cases in which this is practicable, and will in all cases inform him as to the manner in which each vacancy is ultimately filled.

7. Should any scheme be submitted for the approval of the Board of Education under the Act in which it is proposed to vary these limits or otherwise to depart materially from the scheme of co-operation outlined in this memorandum, it should be accompanied by a full statement of the special reasons urged by the Local Education Authority in support of the proposed variation. The special circumstances of the case will then be considered jointly by the two Departments.

(Signed) SYDNEY BUXTON,
President of the Board of Trade.

3rd January, 1911.

(Signed) WALTER RUNCIMAN,
President of the Board of Education.

Appendix.

Special Rules with regard to Registration of Juvenile Applicants in England and Wales made in pursuance of Regulation No. 9 of the General Regulations for Labour Exchanges managed by the Board of Trade.

1.—Juvenile applicants for employment shall register on the forms prescribed in the Schedule to these rules, subject to such modifications as may be made therein by the Board of Trade from time to time. Such applicants, or any prescribed class of such applicants, may be permitted in lieu of attending personally at a labour exchange to register their applications at such other places as may be recognised by the Board of Trade as suitable for the purpose. Forms containing such applications, if transmitted forthwith to a labour exchange, shall be treated as equivalent to personal registration.

2.—(1) Special advisory committees for juvenile employment shall be established in such areas as the Board of Trade may think expedient. These committees shall include persons possessing experience or knowledge of education or of other conditions affecting young persons, appointed after consulting such authorities, bodies, and persons as the Board think best qualified to advise them, and also persons representing employers and workmen, appointed after consulting any advisory trade committee established in the district in pursuance of Regulation No. 7 of the General Regulations, together with a chairman appointed by the Board.

(2) Such labour exchange officers as may be designated by the Board of Trade, and such of His Majesty's Inspectors of Schools as may be designated by the Board of Education, may be present at meetings of the special advisory committees, but shall not be members thereof.

3.—Subject to these rules, the procedure of a special advisory committee for juvenile employment shall be determined from time to time by the Board of Trade or by the committee with the approval of the Board.

4.—It shall be the duty of a special advisory committee to give advice with regard to the management of any labour exchange in its district in relation to juvenile applicants for employment.

5.—Subject to these rules a special advisory committee may take steps, either by themselves, or in co-operation with any other bodies or persons, to give information, advice, and assistance to boys and girls and their parents with respect to the choice of employment and other matters bearing thereon. Provided that the Board of Trade and the officer in charge of a labour exchange shall undertake no responsibility with regard to any advice or assistance so given.

6.—(1) If any Local Education Authority for Higher Education which has or may acquire statutory powers for the purpose of giving advice, information, or assistance to boys and girls with respect to the choice of employment or other matters bearing thereon, submits to the

Board of Education a scheme for the exercise of those powers, and the Board of Education, after consulting with the Board of Trade, approve that scheme with or without modifications, the foregoing rules shall, so long as the scheme is carried out to the satisfaction of the Board of Education, apply to the area of that Local Education Authority with the following modifications:—

(*a*) The officer in charge of any labour exchange shall not undertake the registration of juvenile applicants for employment except in accordance with the provisions of the scheme.

(*b*) The special advisory committee for juvenile employment shall take no steps under Rule 5 except in accordance with the provisions of the scheme.

(*c*) The Board of Trade may, if they think fit, recognise, in lieu of any special advisory committee established or to be established under these rules, an advisory committee constituted under the scheme, provided that such committee includes an adequate number of members possessing experience or knowledge of educational and industrial conditions, and thereupon the Board of Trade may, if the circumstances require, either dissolve any special advisory committee or modify its area and constitution.

(2) Nothing in this rule shall effect the registration at any labour exchange of vacancies for juvenile workers notified by employers.

7.—These Rules shall apply to the registration of juvenile applicants in England and Wales.

These Rules are made by the Board of Trade after consultation with the Board of Education in pursuance of Regulation No. 9 of the General Regulations for Labour Exchanges managed by the Board of Trade.

Dated this seventh day of February, 1910.

H. LLEWELLYN SMITH,
Secretary.

Board of Trade,
Whitehall Gardens,
S.W.

SCHEDULE TO SPECIAL RULES.

PARTICULARS TO BE INCLUDED ON THE FORM FOR REGISTRATION OF JUVENILE APPLICANTS FOR EMPLOYMENT.

Surname _____ Other Names _____

Date of Birth _____

Full address _____

Name of last day school and date of leaving _____

Standard or class in which applicant was on leaving . . . . . .

Whether applicant was a half-timer before leaving, and, if so, how long ? . .

Whether attending or proposing to attend any continuation or technical school, and, if so, in what course or subjects, and whether in the day or evening .

Employment or employments since leaving School :

(1)

(2)

(3)

Employment desired

Whether willing to be apprenticed, and if so whether a premium can be paid . .

Whether willing to take work at a distance

Remarks

(4) THE NATIONAL SYSTEM OF LABOUR EXCHANGES.

(*Paper read at the National Conference on the Prevention of Destitution, June*, 1911.)

By C. F. Rey.

(*General Manager, Board of Trade Labour Exchanges.*)

Organisation and Methods.

A Bill "to provide for the establishment of Labour Exchanges, and for other purposes incidental thereto" was introduced by the President of the Board of Trade on behalf of the Government on 20th May, 1909. It was received with favour by leading members of all parties, and, meeting with practically no opposition, was passed on 20th September, 1909, and became the Labour Exchanges Act, 1909.

The Act itself is limited to a very few sections, of which the chief one provides that "the Board of Trade may establish and maintain, in such places as they think fit, Labour Exchanges, and may assist any Labour Exchanges, maintained by any other authorities or persons". Another important section enables provision to be made for advancing by way of loan the fares of workpeople travelling to employment found for them through a Labour Exchange.

On the introduction of the Bill, however, an outline of the system projected by the Board of Trade was presented to Parliament, and the general regulations for its management were drawn up after full consultation with representative associations of employers and workmen, and were approved by Parliament.

The system of Labour Exchanges which is now being established under this Act is national in both senses of the word, it extends, or is intended to extend, to all parts of the United Kingdom, and it is directly managed and paid for by a national authority—the Board of Trade. The details of this national system may now be briefly described.

The Central Office of the system is naturally situated in London. It does not, except in certain specified cases, deal with employers or workpeople direct, but served simply for organisation, control, and the collection of statistics.

Under this Central Office the whole country is divided into eleven principal divisions (shown in Table I.), each under the charge of a "Divisional Officer," who is responsible for all the Exchanges in his division, and through whom all orders and communications concerning them pass. Each division is thus a unit for purposes of control and also for the purposes of "clearing house" work, *i.e.*, the transference of unemployed workpeople in one place to meet an unsatisfied demand for labour elsewhere.

In each division are a number of Exchanges of different grades, as set out below, according to the number and importance of the towns to be served:—

Exchanges	Class	A	Towns over 100,000.
,,	,,	B	,, 50,000 to 100,000.
,,	,,	C	,, 25,000 to 50,000.
Sub-Offices	,,	D	Suburban districts and small towns near larger ones.
,,	,,	E	
,,	,,	F	For special trades and districts *e.g.*, near docks, etc.

This gradation by population is of course not absolute; it depends to some extent on the industrial conditions and the situation.

The grade of the Exchange determines roughly both the staff allowed and the extent and variety of the accommodation for workpeople. The staff varies from a manager, an assistant manager, and six clerks in the larger types of Exchanges, to a single officer in charge of a waiting-room. In the larger Exchanges provision is made for dealing separately with skilled applicants of all kinds, general labourers, skilled women, unskilled women, boys and girls. The Exchanges are only in the first stage of their development, and are housed in such temporary premises as could be found and adapted at short notice; it is, however, proposed to build premises for the more important Exchanges.

The total number of proposed Exchanges of all grades is 350,[1] but

[1] See note on following table.

at the present moment only about 200 of these offices are open—though these include nearly all the more important ones. The whole of the remainder will, it is hoped, be opened by the end of the present financial year. Provision will then have been made for practically all towns with populations of 25,000 or more and their suburbs, together with a certain number of smaller towns. There will still remain to be dealt with the bulk of the separate towns under 25,000 and the country districts.

TABLE I.—NUMBER AND DISTRIBUTION OF EXCHANGES.[1]

Division.	Divisional Centre.	Exchanges open May 1, 1911.	Exchanges to open later.	Total Exchanges proposed.
London and South-Eastern	London	33	18	51
South-Western . . .	Bristol	12	7	19
East Midlands . . .	Nottingham	17	12	29
West Midlands . . .	Birmingham	21	19	40
Wales	Cardiff	10	11	21
Liverpool and District .	Liverpool	11	14	25
Manchester and District .	Manchester	28	31	59
Yorkshire	Leeds and Sheffield	27	11	38
Northern	Newcastle	13	9	22
Scotland	Glasgow	20	7	27
Ireland	Dublin	6	13	19
		198	152	350

With regard to these, two alternative methods are proposed. One method involves the distribution at the post offices of registration forms to be filled in by applicants for employment and posted to the nearest Exchange. The other method involves the provision by the municipal authority or otherwise of a room where an officer from the nearest Exchange can attend on one or two stated days each week (so far as possible a market day is chosen) to receive applications from workmen and to see employers. In such cases public notices are exhibited to the effect that applications for employment of workpeople may be made to this officer in person at the place and time stated, or by post at any time to the nearest Exchange. A single officer will be able to deal in this way with perhaps four or five smaller towns, travelling constantly from one to the other. The first plan is, with the consent of the Postmaster-General, being tried experimentally at about twenty post offices and the second is being tried in the West of England and other rural districts.

The Labour Exchanges Act further empowered the Board of Trade to constitute Advisory Committees in such cases as they thought fit for

[1] The number of Exchanges has been increased to about 450, to deal with the scheme of Unemployment Insurance described in Appendix F below, and the grouping by divisions has been changed. There are now eight divisions: London and S.E., South-Western, Yorkshire and East Midlands, West Midlands, Wales, North-Western, Scotland and Northern, Ireland.

the purpose of giving the Board advice and assistance in connection with the management of Labour Exchanges. These Committees consist of "equal numbers of persons representing employers and workmen in the district, appointed by the Board of Trade after consultation with such bodies and persons as they may think best qualified to advise them on the matter, together with a chairman agreed on by a majority both of the persons representing employers and of the persons representing workmen, or in default of such agreement, appointed by the Board of Trade".

A number of these Committees, which deal with large areas and not with single Exchanges, have been established, and most of them have already met; a list is given below:—

London and South-Eastern Counties.
West of England.
South Wales and Monmouth.
East Midlands.
Eastern Counties.
West Midlands.
Northern Counties.
Scotland.
Ireland.
Manchester and District (including East Lancashire and Cheshire).
Liverpool and District (including the remainder of Lancashire and Cheshire).
Hampshire and neighbouring district.
Yorkshire, West Riding (Northern Section).
Yorkshire, West Riding (Southern Section).
Yorkshire (Eastern Section).

Under the Special Rules with regard to the registration of Juvenile Applicants in England and Wales, the Board of Trade are empowered to establish Special Advisory Committees for Juvenile employment in such areas as may be thought expedient. In accordance with this provision the Board have established, in co-operation with the Local Education Authorities concerned, such Committees in the following towns:—

London.

A Central Committee, who, with the assent of the Board of Trade, have appointed the following Local Committees:—

Camberwell.
Camden Town.
Clapham Junction.
Hackney.
Stepney.
Walham Green.
Bethnal Green.

Provinces.

Bristol.
Devonport.
Exeter.
Plymouth.
Southampton.
Ipswich.
Northampton.
Norwich.
Nottingham.
West Hartlepool.
Surrey.
Bath.
Birmingham.[1]
Carlisle.
Middlesbrough.
Sunderland.
Dewsbury.
Halifax.
Huddersfield.
Leeds.
Ashton.
Blackburn.
Bury.
Rochdale.

[1] Since replaced by a Committee under the Education (Choice of Employment) Act, 1910.

Other Committees in London and the Provinces are in process of formation.[1]

The work of Juvenile Committees has not been specially dealt with in this paper as a special paper on this point is being contributed.

For the same reason the women's side of the work has not been specially dealt with in the present paper.

Guiding Principles.

Such, in brief, is the system of Labour Exchanges now in process of establishment in the United Kingdom. Its main characteristics may be summed up by saying that it is national, industrial, free, voluntary and impartial.

First, the system is national, as is mentioned above, in two senses. It is framed so as to cover the whole of the United Kingdom and it is administered by a department of the central government, through officers appointed and paid by that department.

Second, the system is industrial and not eleemosynary. Every attempt has been made to free the Labour Exchanges from any form of association with the Poor Law, charity, or the relief of distress, and to give them the character of a piece of industrial organisation of which any man may avail himself and with as little loss of self-respect as is involved in using the post office or a public road. The administering authority is not the Poor Law Guardians, or the Distress Committees of the Unemployed Workmen Act, or even the Local Government Board, but the Board of Trade—a Department already in close touch with employers and workmen. The questions asked of workpeople at the Exchanges relate solely to their industrial qualifications and not to their poverty, family circumstances, thrift, or similar matters. The only thing to be obtained through the Labour Exchanges is ordinary employment, so that there is no inducement for those to come there who want only relief and are not capable of work. On the other hand, the Exchanges deal with all kinds of employment skilled and unskilled, with the single exception of indoor domestic servants.

Third, the system is free—that is to say, no fees of any kind are charged either to employers or to workmen.

Fourth, the system is voluntary. No compulsion is exercised or is exercisable under the Labour Exchanges Act upon employers or workmen to use the Exchanges against their will. The success of the system depends upon its efficiency and upon the persuasiveness of its officials.

Fifth, the system is impartial, as between employers and workmen, in questions where the interests of the two parties come into real or apparent conflict. It is, indeed, self-evident that a system of Labour Exchanges dependent upon the voluntary support of both parties must be impartial in order to have any hope of success.

[1] At the beginning of 1912, 16 Local Committees had been established in London under the Central Committee, and 35 Juvenile Advisory Committees had been established in the provinces (*Times*, Feb. 1, 1912).

Method of Working.

The current working of the Exchanges may now be briefly described. Workpeople are as a rule registered by a clerk who takes down their answers to questions put in accordance with the form of application, but they may, if they prefer it (as is sometimes the case with the more skilled men and clerks) fill in a form themselves and hand it to the clerk. In the former case the answers are entered directly on to an index card, which then forms the workman's record in the Exchange; in the latter case the answers filled in by the workman have subsequently to be transferred to an index card. Workpeople are not under any obligation to answer all the questions on the form, and on the other hand they may volunteer additional information. Workpeople residing within three miles of an Exchange are required to register in person; others may make application by post. Applicants under 17 years of age who in other respects also are registered under special conditions have a different form, the forms of men, women, boys and girls all having distinctive colours. On registration each applicant is given a Registration Card. This card he must, so long as he wishes to remain on the register, bring with him every week to the Exchange to be stamped, while if he obtains work through his own efforts he is required to return the card at once to the Exchange through the post with a statement to this effect. When the Registration Card is given out it is marked with the day of the week, and the workman is asked to come again on the same day each following week. The card is addressed on the back to the Labour Exchange, and is franked for free transmission through the post. Applications for workpeople are as a rule received by telephone, though naturally in some cases employers write or send a messenger or come themselves. When an application has been received from an employer and a suitable workman found by the Exchange—either from among those in the waiting-room or by summoning one from his home—the workman is sent to the employer with an Identification Card which the latter is requested to sign and return with a statement as to whether the man has been engaged or not. This card also is now franked for free transmission through the post.

The index cards of the workpeople who have registered or renewed their registration within the past week and have not since then obtained employment form the Live Register of the Exchange, and it is to these primarily that the Exchange looks for the filling of any vacancies that may be notified by employers, the cards being arranged by occupations. The cards of those who fail to renew their applications on the right day are left in an "Intermediate Register" until the end of the month, while there is a "Dead Register" of all those who have obtained employment or have not presented themselves at the Exchange for some weeks. Should one of these men on the "Dead Register" appear at the Exchange later, his old index card will be used again, but he will count as a "re-registration".

Work of the Exchanges.

It remains now only to give a brief account of what has actually been done by the Exchanges since their commencement. The Labour Exchanges Act, as already stated, was passed on 20th September, 1909, and the first officers were appointed under it a few days later. The next four months were very fully occupied in the preliminary work of collecting staff, obtaining premises, framing working rules, and undertaking such propaganda work as time permitted. On 1st February, 1910, the Board took over from the Central (Unemployed) Body for London the twenty Exchanges established by the latter body in 1906 under the Unemployed Workmen's Act, and at the same time opened another sixty-three Exchanges in London and the provincial towns. Since that date, other Exchanges have been opened at intervals, the total number at work on 1st May, 1911, being about 200 out of a projected total of 350. The Tables on the following pages give the general statistics as to the work of the Exchanges during the eleven months February to December, 1910, and during the first three months of 1911. The figures for 1911 are not comparable with those for 1910, owing to the institution in January, 1911, of a separate register, described as the Casual Register, for certain employments of a peculiarly casual nature, the figures for which are shown in a separate table. The following points may be noted :—

(1) The number of vacancies filled by the Exchanges has gone steadily upwards, indicating the natural growth of the activity of the Exchanges.

(2) The growing ability of the Labour Exchanges to adjust the supply of labour to the demand is shown by the steadily rising percentage which the number of vacancies filled forms of the number of vacancies notified. This percentage rose from 60 in February to 85 in December, 1910 (excluding the Post Office temporary Christmas staff). The places which Exchanges in the United Kingdom are unable to fill are mainly those for skilled women in various branches of the textile and clothing trades and in laundry work, and for men in the ship-building and coach-building trades. There appears to be as regards women a discrepancy of quality between the demand for labour and the supply. A large number of skilled women are wanted at the Exchanges and cannot be found there. On the other hand, a very large number of middle aged women, often widows, are registered at the Exchanges for work as charwomen and in other unskilled or low-skilled occupations.

(3) The number of "workpeople's applications on the register" at any time may be taken as representing separate individuals.

(4) The accompanying Table II. indicates the principal occupations dealt with by the Exchanges.

TABLE II.—VACANCIES FILLED IN THE THREE MONTHS ENDED 31ST MARCH, 1911. ANALYSED BY GROUPS OF TRADES.

		Per Cent.
MEN.		
Metals, machines, implements and conveyances	13,193	20·8
Building	11,985	18·9
General labourers	11,593	18·3
Conveyance of men, goods and messages	5,680	8·9
	42,451	66·9
Other occupations	21,054	33·1
Total	63,505	100·0
WOMEN.		
Domestic (outdoor)	7,918	34·0
Textiles	4,351	18·7
Food, tobacco, drink and lodging	2,916	12·5
Dress	2,465	10·6
	17,650	75·8
Other occupations	5,640	24·2
Total	23,290	100·0

As a general statement it may be laid down quite definitely that the work of the Exchanges, particularly on the side of men, has come to concern itself principally with skilled vacancies and skilled workmen, because these are the workmen whom employers are least able to obtain rapidly for themselves. The Exchanges, indeed, are undoubtedly very often in a position to obtain for employers better men than the latter could obtain direct for themselves, particularly where any special qualifications are required. Moreover, the managers of the Exchanges, without taking up references regularly, acquire necessarily in the course of their work a very detailed knowledge of the capacities of the different workmen applying. No definite information capable of statistical analysis is obtained or could be obtained as to the duration of all the employments to which men are sent, but of the 112,549 vacancies filled during the first three months of 1911, 11,464, or only 10·2 per cent were temporary, in the sense of being known to be for less than a week's employment.

The organisation of casual employment through the Labour Exchanges can only be a matter of later development. A special Exchange has, however, been opened at 31 Dickenson Street, Manchester, to deal with the cloth porters casually employed in the neighbouring warehouses. A considerable number of employers agreed to take all their men through this Exchange, and furnished the Exchange with lists of the men familiar with their work so that these men may be sent in preference to others. About 250 cloth porters are now registered at the Exchange, of whom over 160 on an average are sent out to work each day. Arrangements have been made for getting the men to the work

with practically no delay. Men who have previously worked for only one employer have been sent to as many as four different places in a week. Considerably over 300 employers have used the Exchange from time to time.

Another special Exchange has been established in Liverpool for the porters employed in the cotton warehouses. In this case also the employers furnished the Exchange with the names of their selected men, who are registered under the name of the firm by whom they are employed.

Several Exchanges also dealt with fruit-pickers in the summer of 1910. A temporary office, in connection with the Dundee Exchange, was opened at Blairgowrie early in July, and when the local applicants were not sufficiently numerous pickers were obtained from Glasgow, and other towns, their fares being advanced by the Exchanges. The money so advanced was collected from the workers by instalments, and no bad debts were incurred. Over 4000 fruit-pickers were found employment in Scotland alone.

(5) Regular communication between the different Exchanges for the purpose of obtaining suitable persons to fill vacancies for which there are no qualified local applicants forms an essential part of the national system.

During 1910 there were over 24,000 cases in which applicants were placed in the districts of Exchanges other than those at which they registered. These figures, however, do not include all the cases in which workmen have been enabled by the Exchanges to find work at a considerable distance from their homes, since they only include men who, after being registered at one Exchange, have been sent to a place notified to another Exchange. As a considerable number of smaller towns are still without Exchanges at all, it often happens that men will be sent direct from the Exchange at which they are registered to an employer in some town ten or twenty or more miles distant. These men appear at present as having been placed in the district of their own Exchange.

(6) The work of sending men to vacancies at a distance is much facilitated by the power, already mentioned, of advancing railway fares. This power is given by Clause 5 of the General Regulations. The advance can only be made when the workman is travelling to employment of which he is already assured, and which has been found for him through a Labour Exchange. It cannot be made for distances of less than five miles and cannot exceed the actual fare of the workman himself to the place of employment. It cannot be made when the manager of the Exchange has reason to believe that the employment is due to a trade dispute, or that the wages are lower than those current in the trade or district.

The advance may be made either on the employer's account or the workman's, and is made in nearly all cases, not in cash, but by the provision of a voucher entitling the latter to a railway ticket. As a rule the loan is ultimately repaid by the workman, the employer agreeing to deduct the amount by instalments from the weekly wages and

to forward it to the Exchange. Occasionally, however, the employer offers to pay the fare himself in order to make certain of getting the workman to come. In all cases the full fare has to be paid either by the employer or by the workman, as it has not been possible to make any arrangements for workmen sent to the Labour Exchanges to travel, as they do on most of the German railways, at reduced rates.

During the first nine months (up to the end of September, 1910) advances of fares were made in nearly 4000 cases, the total sum advanced being over £1000, nearly all of which has been, or in all probability will be, recovered. Of course, a small number of bad debts are inevitable in this connection, but speaking generally the provision for advancing fares has been found to confer very great advantages with relatively little risk of loss to the Exchequer.

(7) The number of vacancies filled by the Exchanges in six of the largest towns of the country from February to 30th December, 1910, are as follows :—

1. London	84,441
2. Glasgow	27,189
3. Manchester	16,809
4. Edinburgh	12,395
5. Birmingham	8,681
6. Nottingham	6,834

1910.	Working Days.	Vacancies Notified.					Vacancies Filled.					Workpeople's Applications remaining on Register at end of				
		Men.	Boys.	Women.	Girls.	Total.	Men.	Boys.	Women.	Girls.	Total.	Men.	Boys.	Women.	Girls.	Total.
February .	24	12,156	2,427	5,090	1,520	21,193	8,180	1,715	2,053	680	12,628	94,234	6,769	9,366	2,055	112,424
March . .	25	18,439	3,597	5,771	1,897	29,704	13,864	2,397	3,065	1,069	20,395	74,199	5,375	9,264	1,789	90,627
April . .	24	20,123	3,945	5,852	1,791	31,711	15,957	2,973	3,726	1,202	23,858	64,673	4,944	9,907	1,999	81,523
May . .	22	19,352	3,552	6,101	1,783	30,788	15,887	2,695	4,168	1,275	24,025	58,986	4,438	9,993	1,985	75,402
June . .	30	32,561	5,810	10,269	2,777	51,417	27,558	4,454	7,570	2,068	41,650	55,507	4,787	10,847	2,463	73,604
July . .	24	25,788	3,920	7,886	2,152	39,746	22,554	3,149	6,352	1,758	33,813	54,508	4,986	10,697	2,655	72,846
August .	23	24,913	4,197	6,598	2,183	37,891	21,015	3,458	5,032	1,752	31,257	59,386	5,803	11,653	2,987	79,829
September	30	33,280	6,473	10,915	3,270	53,938	28,614	5,184	8,764	2,752	45,314	63,630	5,779	12,855	3,213	85,477
October .	24	27,179	5,514	8,308	3,034	44,035	23,529	4,295	6,684	2,502	37,010	73,491	5,758	14,169	3,296	96,714
November	24	27,004	5,473	8,886	2,920	44,283	23,622	4,374	7,308	2,412	37,716	78,795	5,329	13,024	3,125	100,273
December	28	56,480	5,064	10,001	2,692	74,237	52,510	4,008	8,042	2,087	66,647	50,756	4,126	7,709	2,172	64,763
Total .	278	297,275	49,972	85,677	26,019	458,943	253,290	38,702	62,764	19,557	374,313	—	—	—	—	—

TABLE IV.—WORK OF LABOUR EXCHANGES, JANUARY TO MARCH, 1911.

(1) General Register[1] (exclusive of Certain Specified Casual Employments).

1910.	Working Days.	Vacancies Notified by Employers.					Vacancies Filled by the Exchanges.					Workpeople's Applications.				
		Men.	Boys.	Women.	Girls.	Total.	Men.	Boys.	Women.	Girls.	Total.	Men.	Boys.	Women.	Girls.	Total.
January .	23	20,390	5,775	8,644	3,315	38,124	16,552	4,406	6,531	2,723	30,212	70,709	6,839	13,190	4,182	94,920
February .	24	23,585	6,422	9,697	3,734	43,438	18,838	4,932	7,163	2,835	33,768	65,632	5,847	12,127	3,697	87,603
March . .	30	34,939	9,468	12,872	5,115	62,394	28,115	7,018	9,596	3,840	48,569	57,632	5,339	13,089	3,832	79,892
Total .	77	78,914	21,665	31,213	12,164	143,956	63,505	16,356	23,290	9,398	112,549	—	—	—	—	—

[1] The figures appearing in this table are not comparable with the figures given in Table III. in view of the fact that certain casual occupations included in the return for 1910 are not included in the general register for 1911, but are shown separately in the special returns relating to the casual register.

(2) Casual Register (including Certain Specified Occupations of an Essentially Casual Nature).

Month.	Applicants given Work.	Number of Jobs.	Estimated Number of Days on which Work was given.	Estimated Average No. of Days on which Work was given per Applicant given Work.
January:—				
Men . .	1,716	9,522	14,711	8·6
Women .	472	1,144	1,358	2·9
February:—				
Men . .	1,490	9,411	13,620	9·1
Women .	376	963	1,220	3·2
March:—				
Men . .	1,820	11,845	14,584	8·0
Women .	423	1,001	1,517	3·6

Conclusion.

The Labour Exchange system that has been described above is clearly too new to be the subject of any final judgment. As all those who have made the attempt must be aware, the bringing of Labour Exchanges into general use in any country is necessarily a slow process, involving as it does the breaking down of many established customs, the combating of much indifference and the clearing away of many misunderstandings. So far, however, as the Exchanges in the United Kingdom have gone, it may fairly be said that they have been on the whole well received, and are rapidly settling down into part of the industrial machinery of the country.

The principal difficulties which have been experienced have been largely due to the general misapprehension in the minds of both employers and workpeople as to the scope and objects of Labour Exchanges. The Majority and Minority Reports of the Royal Commission on the Poor Laws both insisted upon the necessity for Labour Exchanges as an essential preliminary to any scheme for dealing with unemployment. It was clearly pointed out that Labour Exchanges cannot in themselves be any effectual remedy for unemployment, but much criticism has been made under the mistaken impression that the function of a Labour Exchange was to find or create employment. This of course it does not pretend to do, and could not do. The Labour Exchange is a market for labour, where that commodity is bought and sold at the prices prevailing in the market, as in the case of other commodities. It has been found difficult adequately to convey this aspect of the functions of Labour Exchanges to employers and workmen, and also to induce them to divest their minds of the idea of relief of distress in connection with Labour Exchanges, but to regard them like

other markets as a business organisation. Employers have been found to be under the impression that merely the flotsam and jetsam of the industrial world were to be found at Labour Exchanges, and that the use of these institutions was an act of charity rather than a business proposition. Workmen have suffered from the same confusion of thought, and have taken time to realise that a Labour Exchange was an office to be used by the general public in the same way as a post office.

Both classes have been apt to regard the innovation with suspicion as likely to injure their respective interests, and it is only gradually as the methods and working of the system have become known that distrust is being removed, and the use of the system has developed. Employers have realised that their freedom of selection is in no way interfered with, that the sole qualifications taken into account in submitting men for vacancies notified by them is the applicant's industrial efficiency, and that by a national system the whole available supply of labour is made generally available. Workpeople have on their side realised that a far wider range of openings is available for individuals, that they can obtain information as to possible openings without tramping to another district to find out for themselves, and that the system by which fares can be advanced as a loan is of material benefit on a business and not a charitable basis. The fact that no questions of an inquisitorial character are put to workmen when recording their desire for employment has also helped to remove prejudice.

Evidence of the development of the work apart from the statistical returns is found in the readiness of considerable numbers of employers to adopt the Exchanges as their regular method of obtaining all their labour and to place reliance upon the Labour Exchange. So many employers, indeed, have expressed their willingness to exhibit such notices that a special plate has been prepared, bearing on it the words: "Applicants for employment in these works should apply to the Labour Exchange at . . . ," and many hundreds of these notices are in use. They are likely, indeed, to prove as advantageous to the employer as to the Exchange. At present a good workman coming to an employer's gates at a time when his services are not required passes on, and is lost to sight, and cannot be found again later if required. If, however, the workman on coming to the employer's gates is directed to the Exchange, he gets registered, and a permanent record of him is made there, so that he may be sent to the employer if required at any subsequent time.

To conclude, then, the Labour Exchange system in the United Kingdom is only just beginning, but its beginning is at least very hopeful. Its establishment has been beset by special difficulties, but has also been aided by certain special advantages. There were great difficulties in starting all at one moment with a new and entirely untrained staff. On the other hand, there were special advantages in starting with a considerable amount of public attention at the outset, and also at the beginning a strong trade revival. There was also one other advantage which deserves special mention here, namely, the example of successful Labour

Exchanges abroad and the many practical lessons that were derived from observation of their working. It is to be hoped that the British Exchanges will in their turn form a valuable example for other countries, and mark an important step forward in the common attack of all nations upon their common disease of unemployment.

(5) STATISTICS OF BOARD OF TRADE LABOUR EXCHANGES, 1911.

(*Annual Abstract of Labour Statistics.*)

(1) Vacancies Notified by Employers, Vacancies Filled by the Exchanges, Applications Received and Applications by Workpeople Remaining on the Register in 1911.—*General Register.*[1] [2]

Month.	Number of Working Days.	Workpeople's applications on Register at beginning of period.	Applications received during period.[4]	Vacancies notified by Employers.	Vacancies filled by the Exchanges.	Workpeople's applications remaining on Register at end of period.
January .	23	64,350	162,945	38,092	30,100	94,822
February .	24	94,822	142,190	43,398	33,751	87,501
March . .	30	87,501	168,681	62,343	48,502	79,796
April . .	22	79,796	126,009	50,756	40,043	76,096
May . .	24	76,096	147,268	67,241	49,890	71,525
June . .	28	71,525	166,552	74,823	58,836	75,114
July . . .	24	75,114	156,228	65,164	51,415	73,603
August . .	23	73,603	149,974	55,106	43,679	78,854
September.	30	78,854	200,857	75,600	57,354	81,333
October .	24	81,333	172,005	65,592	48,785	85,761
November.	24	85,761	172,925[3]	62,702[3]	48,132[3]	92,514
December .	28	92,514	180,298[3]	100,175[3]	83,252[3]	64,944
Total	—	—	1,945,932	760,992	593,739	—

[1] The figures appearing in this Table are not comparable with the figures for 1910, in view of the fact that certain casual occupations included in the Return for 1910 are not included in the General Register for 1911, but are shown separately in a Special Return relating to the Casual Register.

[2] The figures in these Tables do *not* include 769 vacancies notified and filled in connection with the Royal Agricultural Show, 1911, held at Norwich.

[3] The November figures include 724 applications received, 165 vacancies notified, and 165 vacancies filled, and the December figures include 19,525 applications received, 34,182 vacancies notified, and 33,099 vacancies filled, solely for Post Office Temporary Christmas work.

[4] Including re-registrations and also re-applications from persons placed in vacancies through the Exchanges during the period.

Note.—The number of applicants registered at the Exchanges during the year was 1,420,408. These figures represent separate individuals, except in so far as there may have been duplicate registration in London and other places where more than one Exchange is easy of access to the same person. The number of Exchanges open at the beginning of the year was 146, and at the end of the year 261.

(2) Table showing by Trades the Vacancies Filled by the Board of Trade Labour Exchanges during the Twelve Months ended 29th December, 1911.—*General Register.*[1]

Trades.	Men.	Women.	Boys.	Girls.	Total.
Building:—					
Carpenters and Joiners	21,299				
Bricklayers	7,222				
Painters, Decorators, etc.	12,002				
Other skilled men	10,881	—	1,946	—	84,285
Labourers	10,412				
Other Works of Construction and Roads	20,523				
Mining and Quarrying	3,676	12	432	1	4,121
Metals, Machines, Implements, and Conveyances:—					
Engineering and Machine Making:					
Labourers	3,434				
Others	28,826	3,220	9,609	1,713	70,641
Ships and Boats	12,041				
Vehicles (Makers)	5,302				
Other Metal Trades	6,396				
Textiles	12,301	18,466	2,931	4,209	37,907
Dress:—					
Boot and Shoemakers	3,679	1,179	2,674	6,058	22,931
Others	1,639	7,702			
Conveyance of Men, Goods, and Messages	31,069	431	30,085	1,722	63,307
Agriculture	9,775	5,606	1,132	546	17,059[2]
Paper, Prints, Books, and Stationery	3,019	3,616	2,417	3,546	12,598
Wood, Furniture, Fittings, and Decorations	7,637	1,170	2,317	749	11,873
Chemicals, Oil, Grease, Soap, Resin, etc.	2,824	1,171	519	1,083	5,597
Bricks, Cement, Pottery, and Glass	1,906	1,069	681	282	3,938
Food, Tobacco, Drink, and Lodging:—					
Bread, Biscuit, Cake, etc. Makers	1,599	370	4,712	5,132	44,110
Others	10,616	21,681			
Skins, Leather, Hair, and Feathers	737	979	463	891	3,070
Precious Metals, Jewels, Watches, Instruments, and Games	1,326	346	764	340	2,776
Gas, Water, and Electricity Supply, and Sanitary Service	5,647	102	299	73	6,121
Commercial	6,923	3,175	5,473	1,360	16,931
Domestic (outdoor):—					
Laundry and Washing Service	2,790	7,303	962	8,860	54,769
Others		34,854			
Other General and Undefined:—					
(*a*) General Labourers	57,653	—	1,500	—	59,153
(*b*) Others	11,069	11,815	8,520	7,884	39,288
Post Office:—					
Temporary Christmas Staff	32,788	30	445	1	33,264
Total	347,011	124,397	77,881	44,450	593,739

[1] Excluding certain specified casual employments. (*See* next table and first two notes to preceding table.)

[2] Including 8,399 Fruit, Hop, etc. Pickers.

(3) Applicants found Work and Number of Jobs found in each of the Months January-December, 1911.—*Casual Register.*[1]

Month.	Applicants given Work.		Number of Jobs.	
	Men.	Women.	Men.	Women.
January	1,716	472	9,522	1,144
February	1,490	376	9,411	963
March	1,820	423	11,845	1,001
April	1,246	368	8,423	932
May	1,389	1,272[2]	9,884	1,798
June	1,289	1,199[2]	10,775	1,687
July	1,273	173	7,698	392
August	1,134	236	7,131	569
September	1,413	282	10,179	803
October	1,631	1,222[3]	8,472	1,500
November	1,437	1,166[4]	8,233	1,432
December	1,667	273	10,919	591
Total	—	—	112,492	12,812

(4) Applicants found Work and Number of Jobs found during the Period January-December, 1911, and Number of Applicants Remaining on Register at 29th December, 1911.—*Casual Register.*

Employment.	Applicants given Work.	Number of Jobs.	Number of Applicants Remaining on Register at 29th Dec., 1911.
Men.			
Cotton Porters (Liverpool, Old-hall Street)	2,979	4,237	42
Cloth Porters (Manchester)	2,877	66,701	242
Dock Labourers	4,380	22,220	414
Sandwichmen	3,892	12,638	233
Other Men	3,377	6,696	129
Total Men	17,505	112,492	1,060
Women.			
Charwomen	7,409	12,665	475
Other Women	53	147	—
Total Women	7,462	12,812	475
Grand Total	24,967	125,304	1,535

[1] The occupations on the Casual Register are shown in Table 4 below.

[2] Including 890 women given one day's work as cleaners at various schools in Glasgow.

[3] Including 947 women given work as school cleaners.

[4] Including 927 women given work as school cleaners.

APPENDIX F.

UNEMPLOYMENT INSURANCE.

In this appendix three sets of official documents are reprinted :—

(1) Summary of the Scheme of Unemployment Insurance embodied in Part II. of the National Insurance Act, 1911 (issued by the Board of Trade).

(2) Parts II. and III. of the National Insurance Act.

(3) Five sets of regulations made thereunder by the Board of Trade.

(1) SUMMARY OF SCHEME.

I.—*Introduction.*—The scheme of insurance against unemployment which is contained in Part II. of the National Insurance Act is to be administered by the Board of Trade, and comes into operation on Monday, 15th July, 1912. The object of the scheme is two-fold.

In the first place provision is made for the payment of contributions by all employers and workpeople in the trades mentioned below, and for the payment of benefit to the workpeople when unemployed. This part of the scheme is compulsory. In the second place provision is made for the encouragement of voluntary insurance against unemployment by means of money grants from State funds to associations of persons, in all trades and occupations, which pay out-of-work benefits.

II.—*The Compulsorily Insured Trades.*—On and after Monday, 15th July, 1912, all workpeople (whether men or women) over 16 years of age who are engaged wholly or mainly by way of manual labour in the following trades will be compulsorily insured against unemployment and have contributions towards the Unemployment Fund deducted from their wages :—

(1) Building; that is to say, the construction, alteration, repair, decoration, or demolition of buildings, including the manufacture of any fittings of wood of a kind commonly made in builders' workshops or yards.

(2) Construction of Works ; that is to say, the construction, reconstruction or alteration of railroads, docks, harbours, canals, embankments, bridges, piers or other works of construction.

(3) Shipbuilding; that is to say, the construction, alteration, repair or decoration of ships, boats or other craft by persons not being usually

members of a ship's crew, including the manufacture of any fittings of wood of a kind commonly made in a shipbuilding yard.

(4) Mechanical Engineering; including the manufacture of ordnance and firearms.

(5) Ironfounding; whether included under the foregoing headings or not.

(6) Construction of Vehicles; that is to say, the construction, repair, or decoration of vehicles.

(7) Sawmilling (including machine woodwork); carried on in connection with any other insured trade or of a kind commonly so carried on.

Foremen other than manual workmen, clerks, indentured apprentices, and persons under 16 years of age are excluded.

Special attention is directed to Section 107 (2) of the Act which provides that—

> "In determining any question as to whether any trade in which a workman is or has been employed is an insured trade or not, regard shall be had to the nature of the work in which the workman is engaged rather than to the business of the employer by whom he is employed."

On and after the 15th July, 1912, no employer may engage a workman in one of the insured trades unless the latter holds, or at once applies for, an Unemployment Book. An Unemployment Book can be obtained by making application after 1st June at any Labour Exchange or other Local Office of the Unemployment Fund. For the address of the nearest Labour Exchange or Local Office enquiries should be made after 1st June at any Post Office.

III.—*Umpire to Decide Doubtful Cases.*—If there is doubt whether any workman is included in one of the insured trades or not, information can be obtained from a Labour Exchange or other Local Office of the Unemployment Fund, and, if an employer or workman so desires, he or his representative can apply, on a form which can be obtained there, to the Umpire for a definite decision.

The Umpire is an officer appointed by the Crown, and acts independently of the Board of Trade. The office of the Umpire is at 47 Victoria Street, Westminster, London, S.W.

IV.—*Workmen only Partly in an Insured Trade.*—Workmen engaged by the same employer partly in an insured trade and partly not in an insured trade may, with the consent of the employer, arrange with him to have contributions paid on their account as if they were wholly employed in an insured trade, and will be entitled to benefits accordingly.

V.—*Contributions.*—The contributions will be collected by means of special unemployment insurance stamps on sale at any Post Office and affixed by the employer to the Workman's Unemployment Book.

The employer must, on the first payment of wages to the workman, and at each subsequent payment, so long as the employment continues, affix to the Workman's Unemployment Book a stamp or stamps of such value as may be necessary to make the total value of all stamps so affixed up to the following amounts:—

(*a*) In the case of a workman of the age of 18 or upwards, for every period of employment for which wages have been paid, of more than two days but not more than a week	5*d.*
Of more than one day, but not more than two days	4*d.*
Of not more than a day	2*d.*
(*b*) In the case of a workman below the age of 18, for every period of not more than a week of employment for which wages have been paid	2*d.*

No contributions are required whilst the workman is out of work for any cause or is engaged in a trade other than an insured trade.

The employer is entitled to deduct from wages paid to the workman one-half of the value of any stamps affixed to his insurance book in accordance with the above table. The State contributes an additional sum equal to one-third of the total contributions received from the employers and workmen, thus forming the Unemployment Fund from which the benefits as detailed below will be paid.

While the workman is employed the book is kept by the employer, who must afford the workman a reasonable opportunity of inspecting his book from time to time. When the workman loses his employment for any reason, the employer must return to him his Unemployment Book, which the workman must then deposit at a Labour Exchange, or other Local Office of the Unemployment Fund.

VI.—*Arrangements for Custody of Unemployment Books.*—The Board of Trade may arrange with Employers to undertake on their behalf at a Labour Exchange the duty of keeping and stamping Unemployment Books of workmen already in the service of the Employers or subsequently engaged by them through an Exchange. Such arrangements may apply to the duties of employers under Part I. of the Act (National Health Insurance) as well as under Part II. Under such arrangements employers will be required to deposit a sufficient sum to cover the estimated amount of the contributions payable on their own behalf and on behalf of their workmen for three months or such lesser period as the Board may fix. In the case of casual workmen engaged through an Exchange under such an arrangement contributions to the Unemployment Fund instead of being calculated on each separate engagement will be calculated for each six days' labour supplied through the Exchange whether of the same or different workmen and whether the work is continuous or not. Further information as to these arrangements may be obtained at any Labour Exchange.

VII.—*Benefits.*—The benefits of the Act may be obtained by the workman in one of two ways: (1) direct from the Unemployment Fund through a Labour Exchange or other Local Office of the Fund, or (2) through an Association which pays unemployment benefit and which has made an arrangement with the Board of Trade under Section 105 of the Act. Information as to these arrangements may be obtained at any Labour Exchange. In either case the first step is for the workman, on losing employment, to get his Unemployment Book from the employer

and lodge it at a Labour Exchange or other Local Office of the Fund. Notice that the book has been lodged and claim made will be given in every case to the last employer.

If he belongs to an Association which has made an arrangement as above and wishes to draw benefit through that Association, he will state this, and will obtain a receipt for his book to take to the Association, and the evidence to be given of his being unemployed will be such as may be laid down in the arrangement with the Association. He will thereafter draw benefit from the Association in accordance with the Rules of the Association, and a subsequent settlement of claims will be made between the Association and the Board of Trade.

If the workman claims benefit from the Fund direct and not through an Association, he will, on lodging his book, make a claim for benefit, and will thereafter be required to sign a Register daily or at other intervals, as directed, as evidence of being unemployed.

No benefits are payable for the first six months; that is, until 15th January, 1913. After 15th January, 1913, the unemployment benefit is 7*s.* a week. Workmen between 17 and 18 get 3*s.* 6*d.* a week. Workmen under 17 cannot claim benefit. No benefit will be paid for the first week of any period of unemployment.

Benefit cannot be obtained for more than 15 weeks at any period of 12 months, or for more than one week for every five full weekly contributions (employer 2½*d.*, workman, 2½*d.* = 5*d.*). Proportionate allowance will be made for the contributions of 2*d.* or 4*d.* Workmen over 21 who have habitually worked at an insured trade before the commencement of the Act may claim to have a certain number of contributions credited to them, according to the time for which they have so worked. They should make application to have these added contributions credited to them when they apply for their first Unemployment Books.

In order that benefit may be paid to a workman or to an Association by way of refund on his account he must fulfil certain statutory conditions and be free of certain disqualifications.

VIII.—*Conditions of Benefit.*—The statutory conditions (Section 86) for the receipt of unemployment benefit by any workman are:—

(1) that he proves that he has been employed as a workman in an insured trade in each of not less than twenty-six separate calendar weeks in the preceding five years;
(2) that he has made application for unemployment benefit in the prescribed manner,[1] and proves that since the date of the application he has been continuously unemployed;
(3) that he is capable of work, but unable to obtain suitable employment;
(4) that he has not exhausted his right to unemployment benefit.

It is provided, however, that a workman shall not be deemed to have failed to fulfil the statutory conditions by reason only that he has declined—

[1] See Regulation 10 *et seq.*

(*a*) an offer of employment in a situation vacant in consequence of a stoppage of work due to a trade dispute; or

(*b*) an offer of employment in the district where he was last ordinarily employed at a rate of wage lower, or on conditions less favourable, than those which he habitually obtained in his usual employment in that district, or would have obtained had he continued to be so employed; or

(*c*) an offer of employment in any other district at a rate of wage lower or on conditions less favourable than those generally observed in such district by agreement between associations of employers and of workmen, or failing any such agreement, than those generally recognised in such districts by good employers.

A workman who has once worked at an insured trade and contributed to the Unemployment Fund does not lose his claim to benefit by subsequently working at something else and can always claim benefit proportional to his contributions, provided that at any time within the whole of the preceding five years he has worked for 26 weeks at an insured trade.

IX.—*Disqualifications for Unemployment Benefit.*—The following workpeople are disqualified for unemployment benefit under Section 87 of the Act:—

(1) A workman who has lost employment by reason of a stoppage of work which was due to a trade dispute at the factory, workshop, or other premises at which he was employed is disqualified for receiving unemployment benefit so long as the stoppage of work continues, except in a case where he has, during the stoppage of work, become *bonâ fide* employed elsewhere in an insured trade.

Where separate branches of work which are commonly carried on as separate businesses in separate premises are in any case carried on in separate departments on the same premises, each of those departments shall, for the purposes of this provision, be deemed to be a separate factory or workshop or separate premises, as the case may be.

(2) A workman who loses employment through misconduct or who voluntarily leaves his employment without just cause is disqualified for receiving unemployment benefit for a period of six weeks from the date when he so lost employment.

(3) A workman is disqualified for receiving unemployment benefit whilst he is an inmate of any prison or any workhouse or other institution supported wholly or partly out of public funds, and whilst he is resident temporarily or permanently outside the United Kingdom.

(4) A workman is disqualified for receiving unemployment benefit while he is in receipt of any sickness or disablement benefit or disablement allowance under Part I. of the National Insurance Act.

X.—*Disputed Claims.*—The decision on a claim to benefit will be made in the first instance by an Insurance Officer appointed by the Board of Trade. Any workman who considers that his claim for benefit has been refused, or stopped, for insufficient reasons may claim to have the matter decided by a Court of Referees consisting of an impartial Chairman and one or more representatives of employers and workman respectively. A form of appeal can be obtained at any Labour Exchange or other Local Office of the Unemployment Fund. If the Insurance Officer disagrees with the recommendation of a Court of Referees, he must, if required by the Court, refer the matter to the Umpire whose decision is to be final and conclusive.

The representatives of the employers will be chosen from a panel of referees appointed by the Board of Trade, and the Board before making the appointments will take into consideration the names of any persons suggested for appointment by employers or associations of employers who appear to the Board to be interested.

The representatives of the workmen will be chosen from a panel of referees elected by ballot vote of all the workmen who have worked at an insured trade for a certain time. Nomination will probably take place in September and the actual election in October. Due public notice in regard to this will be given later.

XI.—*Refund of Contributions.*—Employers who have had a workman continuously in their service for a period of 12 months from 15th July in any year to 14th July in the following year, and in respect of whom not less than 45 contributions have been paid, can apply for a refund of one-third of the contributions paid by them on their own behalf in respect of such a workman.

If a workman has made 500 contributions he is entitled on reaching the age of 60 to claim a refund of the whole amount of his own contributions (but not what his employer and the State have paid over for him) with compound interest at $2\frac{1}{2}$ per cent., less the amount he has received as unemployment benefit.

If during a period of depression in his business an employer has placed his establishment or any class of his employees on systematic short time, and has paid contributions on behalf of himself and his workmen, without deducting one-half of the amount of such contributions from the workman's wages, he is entitled on proving these facts to the satisfaction of the Board of Trade to a refund of the whole amount so contributed. In this way both the employer and the workman escape contributions altogether during systematic short time.

XII.—*Encouragement of Voluntary Insurance against Unemployment.*—In addition to the compulsory scheme the Act makes provision for the encouragement of voluntary schemes of Insurance against unemployment. For this purpose Section 106 provides that any Association of persons, whether workmen in an insured trade or not, which makes payments to persons while unemployed, may recover one-sixth of the amount so paid, not exceeding 12*s.* per week per member, exclusive, in the case of Associations of workmen in an insured trade, of any sums

recovered by the Association under an arrangement as mentioned in paragraph VII. An Association which paid benefit to its members whilst unemployed at the rate of 12*s.* a week might, if its members belonged to an insured trade and if it made an arrangement with the Board of Trade (paragraph VII.), recover from the Unemployment Fund 7*s.* a week after the first week under the arrangement and in addition one-sixth of the balance of 5*s.*, being an additional 10*d.* per week as a subsidy from the State under Section 106, or 7*s.* 10*d.* a week altogether.

An Association of workmen not belonging to the insured trades which gave a similar benefit could recover nothing from the Unemployment Fund to which its members would not have contributed, but could recover 2*s.* a week, being one-sixth of 12*s.* from the State under Section 106.

(2) NATIONAL INSURANCE ACT, 1911. PARTS II. and III.

Part II.—Unemployment Insurance.

Section.

84. Right of workmen in insured trades to unemployment benefit.
85. Contributions by workmen, employers, and the Treasury.
86. Statutory conditions for receipt of unemployment benefit.
87. Disqualifications for unemployment benefit.
88. Determination of claims.
89. Appointment of umpire, insurance officers, inspectors, &c.
90. Courts of referees.
91. Regulations.
92. Unemployment fund.
93. Treasury advances.
94. Refund of part of contributions paid by employer in the case of workmen continuously employed.
95. Repayment of part of contributions by workmen in certain cases.
96. Refund of contributions paid in respect of workmen working short time.
97. Saving for occasional employment in rural neighbourhoods.
98. Payment of contributions in case of Reservists or Territorials during training.
99. Provisions with respect to workmen engaged through labour exchanges.
100. Subsidiary provisions.
101. Offences and proceedings for recovery of contributions, &c.
102. Periodical revision of rates of contribution.
103. Power to extend to other trades.
104. Exclusion of subsidiary occupations.
105. Arrangements with associations of workmen in insured trade who make payments to members whilst unemployed.
106. Repayments to associations who make payments to persons, whether workmen in insured trade or not, whilst unemployed.
107. Interpretation and application.

PART III.—GENERAL.

108. Provisions as to stamps.
109. Outdoor relief.
110. Priority of claims for contributions due by bankrupt employers.
111. Benefits to be inalienable.
112. Powers of inspectors.
113. Procedure for making special orders.
114. Provisions as to birth certificates.
115. Short title and commencement.
SCHEDULES 6 to 9.

An Act to provide for Insurance against Loss of Health and for the Prevention and Cure of Sickness and for Insurance against Unemployment, and for purposes incidental thereto.

[16th December, 1911.]

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART II.—UNEMPLOYMENT INSURANCE.

84. Every workman who, having been employed in a trade mentioned in the Sixth Schedule to this Act (in this Act referred to as "an insured trade"), is unemployed, and in whose case the conditions laid down by this Part of this Act (in this Act referred to as "statutory conditions") are fulfilled, shall be entitled, subject to the provisions of this Part of this Act, to receive payments (in this Act referred to as "unemployment benefit") at weekly or other prescribed intervals at such rates and for such periods as are authorised by or under the Seventh Schedule to this Act, so long as those conditions continue to be fulfilled, and so long as he is not disqualified under this Act for the receipt of unemployment benefit:

Provided that unemployment benefit shall not be paid in respect of any period of unemployment which occurs during the six months following the commencement of this Act.

85.—(1) The sums required for the payment of unemployment benefit under this Act shall be derived partly from contributions by workmen in the insured trades and partly from contributions by employers of such workmen and partly from moneys provided by Parliament.

(2) Subject to the provisions of this Part of this Act, every workman employed within the United Kingdom in an insured trade, and every employer of any such workman, shall be liable to pay contributions at the rates specified in the Eighth Schedule to this Act.

(3) Except where the regulations under this Part of this Act otherwise prescribe, the employer shall, in the first instance, be liable to pay both the contribution payable by himself, and also on behalf of and to the exclusion of the workman, the contribution payable by such workman, and subject to such regulations, shall be entitled, notwithstanding the provisions of any Act, or any contract to the contrary, to recover from the workman by deductions from the workman's wages or from any other payment due from him to the workman the amount of the contribution so paid by him on behalf of the workman.

(4) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of or other payment due to the workman, or otherwise recover from the workman by any legal process the contributions payable by the employer himself.

(5) Subject to the provisions of this Part of this Act, the Board of Trade may make regulations providing for any matters incidental to the payment and collection of contributions payable under this Part of this Act, and in particular for—

(*a*) payment of contributions by means of adhesive or other stamps affixed to or impressed upon books or cards, or otherwise, and for regulating the manner, times and conditions in, at, and under which such stamps are to be affixed and impressed or payments are otherwise to be made;

(*b*) the issue, sale, custody, production and delivery up of books or cards and the replacement of books or cards which have been lost, destroyed or defaced.

(6) A contribution shall be made in each year out of moneys provided by Parliament equal to one-third of the total contributions received from employers and workmen during that year, and the sums to be contributed in any year shall be paid in such manner and at such times as the Treasury may determine.

86. The statutory conditions for the receipt of unemployment benefit by any workman are—

(1) that he proves that he has been employed as a workman in an insured trade in each of not less than twenty-six separate calendar weeks in the preceding five years;

(2) that he has made application for unemployment benefit in the prescribed manner, and proves that since the date of the application he has been continuously unemployed;

(3) that he is capable of work but unable to obtain suitable employment;

(4) that he has not exhausted his right to unemployment benefit under this part of this Act:

Provided that a workman shall not be deemed to have failed to fulfil the statutory conditions by reason only that he has declined—

(*a*) an offer of employment in a situation vacant in consequence of a stoppage of work due to a trade dispute; or

(*b*) an offer of employment in the district where he was last ordinarily employed at a rate of wage lower, or on conditions less favourable, than those which he habitually obtained in his usual employment in that district, or would have obtained had he continued to be so employed; or

(*c*) an offer of employment in any other district at a rate of wage lower or on conditions less favourable than those generally observed in such district by agreement between associations of employers and of workmen, or, failing any such agreement, than those generally recognised in such district by good employers.

87.—(1) A workman who has lost employment by reason of a stoppage of work which was due to a trade dispute at the factory, workshop, or other premises at which he was employed, shall be disqualified for receiving unemployment benefit so long as the stoppage of work continues, except in a case where he has, during the stoppage of work, become bona fide employed elsewhere in an insured trade.

Where separate branches of work which are commonly carried on as separate businesses in separate premises are in any case carried on in separate departments on the same premises, each of those departments shall, for the purposes of this provision, be deemed to be a separate factory or workshop or separate premises, as the case may be.

(2) A workman who loses employment through misconduct or who voluntarily leaves his employment without just cause shall be disqualified for receiving unemployment benefit for a period of six weeks from the date when he so lost employment.

(3) A workman shall be disqualified for receiving unemployment benefit whilst he is an inmate of any prison or any workhouse or other institution supported wholly or partly out of public funds, and whilst he is resident temporarily or permanently outside the United Kingdom.

(4) A workman shall be disqualified for receiving unemployment benefit while he is in receipt of any sickness or disablement benefit or disablement allowance under Part I. of this Act.

88.—(1) All claims for unemployment benefit under this Part of this Act, and all questions whether the statutory conditions are fulfilled in the case of any workman claiming such benefit, or whether those conditions continue to be fulfilled in the case of a workman in receipt of such benefit, or whether a workman is disqualified for receiving or continuing to receive such benefit, or otherwise arising in connection with such claims, shall be determined by one of the officers appointed under this Part of this Act for determining such claims for benefit (in this Act referred to as "insurance officers"):

Provided that—

(*a*) in any case where unemployment benefit is refused or is stopped, or where the amount of the benefit allowed is not in accordance with the claim, the workman may require the insurance officer to report the matter to a court of referees

constituted in accordance with this Part of this Act, and the court of referees after considering the circumstances may make to the insurance officer such recommendations on the case as they may think proper, and the insurance officer shall, unless he disagrees, give effect to those recommendations. If the insurance officer disagrees with any such recommendation, he shall, if so requested by the court of referees, refer the recommendation, with his reasons for disagreement, to the umpire appointed under this Part of this Act, whose decision shall be final and conclusive;

(*b*) the insurance officer in any case in which he considers it expedient to do so may, instead of himself determining the claim or question, refer it to a court of referees, who shall in such case determine the question, and the decision of the court of referees shall be final and conclusive.

(2) Nothing in this section shall be construed as preventing an insurance officer or umpire, or a court of referees, on new facts being brought to his or their knowledge, revising a decision or recommendation given in any particular case, but, where any such revision is made, the revised decision or recommendation shall have effect as if it had been an original decision or recommendation, and the foregoing provisions of this section shall apply accordingly, without prejudice to the retention of any benefit which may have been received under the decision or recommendation which has been revised.

(3) The Arbitration Act, 1889, shall not apply to proceedings under this section, except so far as it may be applied by regulations under this Part of this Act.

(4) For the purposes of proceedings under this section in Ireland, regulations may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration.

89.—(1) For the purposes of this Part of this Act, an umpire may be appointed by His Majesty, and insurance officers shall be appointed by the Board of Trade (subject to the consent of the Treasury, as to number) and the insurance officers shall be appointed to act for such areas as the Board direct.

(2) The Board of Trade may appoint such other officers, inspectors, and servants for the purposes of this Part of this Act as the Board may, with the sanction of the Treasury, determine, and there shall be paid out of moneys provided by Parliament to the umpire and insurance officers and to such other officers, inspectors, and servants, such salaries or remuneration as the Treasury may determine; and any expenses incurred by the Board of Trade in carrying this Part of this Act into effect to such amount as may be sanctioned by the Treasury shall be defrayed out of moneys provided by Parliament:

Provided that such sum as the Treasury may direct, not exceeding one-tenth of the receipts, other than advances by the Treasury, paid into the unemployment fund on income account shall, in accordance with regulations made by the Treasury, be applied as an appropriation

in aid of money provided by Parliament for the purpose of such salaries, remunerations, and expenses.

90.—(1) A court of referees for the purposes of this Part of this Act shall consist of one or more members chosen to represent employers, with an equal number of members chosen to represent workmen, and a chairman appointed by the Board of Trade.

(2) Panels of persons chosen to represent employers and workmen respectively shall be constituted by the Board of Trade for such districts and such trades or groups of trades as the Board may think fit, and the members of a court of referees to be chosen to represent employers, and workmen shall be selected from those panels in the prescribed manner.

(3) Subject as aforesaid, the constitution of courts of referees shall be determined by regulations made by the Board of Trade.

(4) The regulations of the Board of Trade may further provide for the reference to referees chosen from the panels constituted under this section, for consideration and advice, of questions bearing upon the administration of this Part of this Act and for the holding of meetings of referees for the purpose.

(5) The Board of Trade may pay such remuneration to the chairman and other members of a court of referees and such travelling and other allowances (including compensation for loss of time) to persons required to attend before any such court, and such other expenses in connection with any referees, as the Board, with the sanction of the Treasury determine, and any such payments shall be treated as expenses incurred by the Board of Trade in carrying this Part of this Act into effect.

91.—(1) The Board of Trade may make regulations for any of the purposes for which regulations may be made under this Part of this Act and the Schedules therein referred to, and for prescribing anything which under this Part of this Act or any such Schedules is to be prescribed, and—

(*a*) for permitting workmen who are employed under the same employer partly in an insured trade and partly not in an insured trade to be treated with the consent of the employer as if they were wholly employed in an insured trade; and

(*b*) for giving employers, and workmen, and the Board of Trade an opportunity of obtaining a decision by the umpire appointed under this Part of this Act on any question whether contributions under this part of this Act are payable in respect of any workman or class of workmen, and for securing that a workman in whose case contributions have been paid in accordance with any such decision, shall, as respects any unemployment benefit payable in respect of those contributions, be treated as a workman employed in an insured trade, and for securing that employers and workmen shall be protected from proceedings and penalties in cases where, in accordance with any such decision, they have paid or refrained from paying contributions; and

(*c*) for prescribing the evidence to be required as to the fulfilment of the conditions and qualifications for receiving or continuing

to receive unemployment benefit, and for that purpose requiring the attendance of workmen at such offices or places and at such times as may be required; and

(*d*) for prescribing the manner in which claims for unemployment benefit may be made and the procedure to be followed on the consideration and examination of claims and questions to be considered and determined by the insurance officers, courts of referees, and umpire, and the mode in which any question may be raised as to the continuance, in the case of a workman in receipt of unemployment benefit, of such benefit, and for making provision with respect to the appointment of a deputy umpire in the case of the unavoidable absence or incapacity of the umpire; and

(*e*) with respect to the payment of contributions and benefits during any period intervening between any application for the decision of any question or any claim for benefit, and the final determination of the question or claim; and

(*f*) for providing that, where any workmen are employed in or for the purposes of the business of any person, but are not actually employed by that person, that person may be treated for the purposes of this Part of this Act as their employer instead of their actual employer, and for allowing that person to deduct from any payments made by him to the actual employer any sums paid by him as contributions on behalf of the workmen, and for allowing the actual employer to recover the like sums from the workmen; and

generally for carrying this Part of this Act into effect, and any regulations so made shall have effect as if enacted in this Act.

Any regulations made under this section for giving an opportunity of obtaining a decision of the umpire may be brought into operation as soon as may be after the passing of this Act.

(2) The regulations may, with the concurrence of the Postmaster-General, provide for enabling claimants of unemployment benefit to make their claims for unemployment benefit under this Act, through the Post Office, and for the payment of unemployment benefit through the Post Office.

(3) All regulations made under this section shall be laid before each House of Parliament as soon as may be after they are made, and, if an address is presented to His Majesty by either House of Parliament within the next subsequent forty days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder, or to the making of any new regulation.

92.—(1) For the purposes of this Part of this Act, there shall be established under the control and management of the Board of Trade a fund called the unemployment fund, into which shall be paid all contributions payable under this Part of this Act by employers and workmen

and out of moneys provided by Parliament, and out of which shall be paid all claims for unemployment benefit and any other payments which under this Part of this Act are payable out of the fund.

(2) The accounts of the unemployment fund shall be audited by the Comptroller and Auditor-General in such manner as the Treasury may direct.

(3) Any moneys forming part of the unemployment fund may from time to time be paid over to the National Debt Commissioners and by them invested in accordance with regulations made by the Treasury in any securities which are for the time being authorised by Parliament as investments for savings banks moneys.

(4) The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.

93.—(1) The Treasury may out of the Consolidated Fund or the growing produce thereof advance on the security of the unemployment fund any sums required for the purpose of discharging the liabilities of that fund under this Part of this Act: Provided that the total amount of advances outstanding at any time shall not exceed three million pounds.

(2) If, whilst any part of any such advance is outstanding, it appears to the Treasury that the unemployment fund is insolvent, the Board of Trade shall, if the Treasury so direct, by order, make such temporary modifications in any of the rates of contribution, or the rates or periods of unemployment benefit, and during such period, as the Board of Trade think fit, and as will on the whole, in the opinion of the Treasury, be sufficient to secure the solvency of the unemployment fund:

Provided that no order made under this subsection shall reduce the weekly rate of unemployment benefit below the sum of five shillings, or shall increase the rates of contribution from employers or workmen by more than one penny per workman per week, or increase those rates unequally as between employers and workmen, and no such order shall remain in force more than three months after all the advances and interest thereon have been repaid, or come into force until one month after it is made.

(3) An order under this section shall not be made so as to be in force at any time while any previous order made under this section is in force.

(4) On any such order being made, the Board of Trade shall cause the order, together with a special report as to the reasons for making the order, to be laid before Parliament.

(5) The Treasury may, for the purpose of providing for the issue of sums out of the Consolidated Fund under this section, or for the repayment to that fund of all or any part of the sums so issued, or for paying off any security issued under this section, so far as that payment is not otherwise provided for, borrow money by means of the issue of Exchequer bonds or Treasury bills, and all sums so borrowed shall be paid into the Exchequer.

(6) The principal of and interest on any Exchequer bonds issued under this section shall be charged on and payable out of the Consolidated Fund of the United Kingdom, or the growing produce thereof.

(7) Notwithstanding anything in any other Act, money in the hands of the National Debt Commissioners for the reduction of the National Debt shall not be applied to purchasing, reducing, or paying off any Exchequer bonds or Treasury bills issued under this section.

94.—(1) The Board of Trade shall, on the application of any employer made within one month after the termination of any calendar year, or other prescribed period of twelve months, refund to such employer out of the unemployment fund a sum equal to one-third of the contributions (exclusive of any contributions refunded to him under any other provisions of this Part of this Act) paid by him on his own behalf during that period in respect of any workman who has been continuously in his service through the period, and in respect of whom not less than forty-five contributions have been paid during the period.

(2) For the purpose of meeting any change in the period for which any refund of contributions is to be made under the foregoing provisions of this section, or for the purpose of making provision for any period which may elapse between the date on which contributions commence to be payable under this Part of this Act and the date on which the first period for the refund of contributions under the foregoing provisions of this section commences, the Board of Trade may, so far as necessary for the purpose, apply the provisions of this section to any period less than twelve months, subject to such proportionate reduction of the number of contributions required as they direct, and this section shall take effect as regards any such period of less than twelve months as so applied.

95.—(1) If it is shown to the satisfaction of the Board of Trade by any workman or his personal representatives that the workman has paid contributions in accordance with the provisions of this Part of this Act in respect of five hundred weeks or upwards, and that the workman has reached the age of sixty, or before his death had reached the age of sixty, the workman or his representatives shall be entitled to be repaid the amount, if any, by which the total amount of such contributions have exceeded the total amount received by him out of the unemployment fund under this Act, together with compound interest at the rate of two and a half per cent. per annum calculated in the prescribed manner.

(2) A repayment to a workman under this section shall not affect his liability to pay contributions under this Part of this Act, and, if after any such repayment he becomes entitled to unemployment benefit, he shall be treated as having paid in respect of the period for which the repayment has been made the full number of contributions which is most nearly equal to five-eighths of the number of contributions actually paid during that period.

96.—(1) If any employer satisfies the Board of Trade that during any period of depression in his business, workmen employed by him have been systematically working short time, and that during such period

he has paid contributions under this Part of this Act on behalf of such workmen, as well as on his own behalf, without recovering such contributions from such workmen either by way of deductions from wages or otherwise, there shall be refunded to him out of the unemployment fund, in accordance with regulations made by the Board of Trade, the contributions so paid by him in respect of those workmen (including those paid on behalf of the workmen as well as those paid on his own behalf), for the period or such part thereof as in the circumstances may seem just:

Provided that, except in a case where the working of short time has been effected by stopping the work for some day in the week which has been usually recognised as a working day of at least four hours in the trade and district, no such refund shall be made in respect of any workmen for any week in which the hours of work have exceeded five-sixths of the number usually recognised as constituting a full week's work at that time in the trade and district.

(2) Any employer who desires to take advantage of this section may make an application to the Board of Trade with a view to obtaining their ruling as to the circumstances under which, and the means by which, he proposes to effect a reduction of working hours, and the Board of Trade may, if they think fit, on the necessary information being supplied, give their ruling as to whether the circumstances are such, and the proposed means of reducing working hours are such, as to satisfy the requirements of this section.

97. Where a workman is employed in a district which is rural in its character, and the workman usually follows in that district some occupation other than an insured trade, and is employed in an insured trade occasionally only, contributions under this Part of this Act shall not be payable in respect of the workman, except in cases where the employer and the workman agree that contributions shall be payable notwithstanding this provision.

98. Where a man of the Naval Reserves, the Army Reserve, or the Territorial Force, is being trained and is in receipt of pay out of the moneys provided by Parliament for Navy or Army services, and immediately before the training was employed in an insured trade, he shall, for the purposes of this Part of this Act, be deemed, whilst so training, to be in the employment of the Crown in an insured trade.

99.—(1) The Board of Trade may, in such cases and on such conditions as the Board may prescribe, make an arrangement with any employer liable to pay contributions under any part of this Act, whereby, in respect of workmen engaged by him through a labour exchange, or in his employ at the date of such arrangement, the performance of all or any of the duties required under any part of this Act to be performed by the employer in respect of those workmen, whether on his own behalf or on behalf of the workmen, shall be undertaken on behalf of the employer by the labour exchange, and whereby in respect of such workmen different periods of employment, whether of the same workmen, or different workmen, may, for the purposes of the employer's contribu-

tions under this Part of this Act, but not for the purposes of a refund of any part of the employer's contributions, be treated as a continuous employment of a single workman.

(2) Where any such arrangement has been made, all the periods of employment during which a workman engaged through a labour exchange is employed by one or more employers with whom such an arrangement has been made, may, subject to regulations made by the Board of Trade, on the application of the workman, be treated for the purposes of his contributions under this Part of this Act as a continuous period of employment under one employer, and those regulations may provide for the refund of part of his contributions under this Part of this Act accordingly.

100.—(1) If the repeated failure of any insured workman to obtain or retain employment appears to the insurance officer to be wholly or partly due to defects in skill or knowledge, the insurance officer may, if he thinks fit, for the purpose of testing the skill or knowledge of the workman, offer to arrange for the attendance of the workman at a suitable place for the purpose, and may, out of the unemployment fund, pay all or any of the expenses incidental to such attendance.

If the workman fails or refuses either to avail himself of the offer, or to produce satisfactory evidence of his competence, or if as a result of the test the insurance officer considers that the skill or knowledge of the workman is defective, and that there is no reasonable prospect of such defects being remedied, such facts shall be taken into consideration in determining what is suitable employment for the workman.

If in any case as a result of the test the insurance officer considers that the skill or knowledge of the workman is defective, but that there is a reasonable prospect of the defects being remedied by technical instruction, the insurance officer may, subject to any directions given by the Board of Trade, pay out of the unemployment fund all or any of the expenses incidental to the provision of the instruction, if he is of opinion that the charge on the unemployment fund in respect of the workman is likely to be decreased by the provision of the instruction.

(2) The regulations of the Board of Trade made under this Part of this Act shall provide for the return to a workman who is not a workman in an insured trade and to his employer of any contributions paid by them respectively under the belief that the workman was a workman in an insured trade, subject, in the case of the workman's contributions, to the deduction of any amount received by him in respect of unemployment benefit under a similar belief.

(3) Where under regulations made by the Board of Trade any sum has been paid out of the unemployment fund by way of reward for the return of a book or card which has been lost, the person responsible for the custody of the book or card at the time of its loss shall be liable to repay the sum so paid, not exceeding one shilling in respect of any one occasion.

101.—(1) If for the purpose of obtaining any benefit or payment under this Part of this Act, either for himself or for any other person, or

for the purpose of avoiding any payment to be made by himself under this Part of this Act, or enabling any other person to avoid any such payment, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months, with or without hard labour.

(2) If any employer or workman has failed to pay any contributions which he is liable under this Part of this Act to pay, or if any employer or workman or any other person refuses or neglects to comply with any of the requirements of this Part of this Act, or the regulations made thereunder, he shall, for each offence, be liable on summary conviction to a fine not exceeding ten pounds, and also, where the offence is failure or neglect to make any contribution under this Part of this Act, to pay to the unemployment fund a sum equal to three times the amount which he has refused or neglected to pay (not exceeding five pounds), which sum, when paid, shall be treated as a payment in satisfaction of the contributions which he has so refused or neglected to pay.

(3) Proceedings under the foregoing provisions of this section shall not be instituted except by, or with the consent of, the Board of Trade, and may be commenced at any time within three months of the date at which the offence comes to the knowledge of the Board of Trade.

(4) Nothing in this section shall be construed as preventing the Board of Trade from recovering any sums due to the unemployment fund by means of civil proceedings, and all such sums shall be recoverable in such proceedings as debts due to the Crown.

(5) If it is found at any time that a person has been in receipt of unemployment benefit under this Part of this Act whilst the statutory conditions were not fulfilled in his case, or whilst he was disqualified for receiving unemployment benefit, he shall be liable to repay to the unemployment fund any sums paid to him in respect of unemployment benefit whilst the statutory conditions were not fulfilled, or whilst he was disqualified for receiving the benefit, and the amount of such sums may be recovered as a debt due to the Crown.

(6) In any proceedings under this section, or in any proceedings involving any question as to the payment of contributions under this Part of this Act, or for the recovery of any sums due to the unemployment fund, the decision of the umpire appointed under this Part of the Act on any question arising, whether the trade in which the workman is or has been employed is an insured trade or not, shall be conclusive for the purpose of those proceedings, and, if no such decision has been obtained and the decision of the question is necessary for the determination of the proceedings, the question shall be referred, in accordance with the regulations made under this Part of this Act, to the umpire, for the purpose of obtaining such a decision.

102. If at any time after the expiration of seven years from the commencement of this Act it appears to the Board of Trade that the unemployment fund is insufficient or more than sufficient to discharge the liabilities imposed upon the fund under this Part of this Act, or that the rates of contribution are excessive or deficient as respects any parti-

cular insured trade, or any particular branch of any such trade, the Board may, with the sanction of the Treasury, by special order made in manner hereinafter provided, revise the rates of contribution of employers and workmen under this Part of this Act, and any such order may, if the Board think fit, prescribe different rates of contribution for different insured trades or branches thereof, and, where any such order is made, the rates prescribed by the order shall, as from such date as may be specified in the order, be substituted as respects trades or branches thereof to which it relates for the rates prescribed by this Act:

Provided that, where such a revision has been made, no further revision under this section shall be made before the expiration of seven years from the last revision, and that no order under this section shall increase the rates of contribution from employers or workmen by more than one penny per workman per week above the rates specified in the Eighth Schedule to this Act, or shall vary such rates unequally as between employers and workmen.

103. If it appears to the Board that it is desirable to extend the provisions of this Part of this Act to workmen in any trade other than an insured trade, or to vary the definition of "workman" with respect to the age of the persons included therein, either generally or for any particular insured trade, or any particular branch of any such trade, the Board may, with the consent of the Treasury, make, in manner hereinafter provided, a special order extending this Part of this Act to such workmen or so varying the definition of "workman," as the case may be, either without modification or subject to such modifications of rates of contribution or rates or periods of benefit as may be contained in the order, and, on any such order being made, this Part of this Act shall, subject to the modifications (if any) contained in the order, apply as if the trade mentioned in the order were an insured trade, or as if the definition of "workman" were varied in accordance with the order, as the case may be, and as if the rates of contribution and the rates and periods of benefit mentioned in the order were the rates of contribution and the rates and periods of benefit provided by this Part of this Act in respect of such trade:

Provided that no such order shall be made if the person holding the inquiry in relation to the order reports that the order should not be made, or if the order would, in the opinion of the Treasury, increase the contribution to the unemployment fund out of moneys provided by Parliament to a sum exceeding one million pounds a year before the expiration of three years from the making of the order, and that the rates of contribution mentioned in the order shall not exceed the rates specified in the Eighth Schedule to this Act, and shall be imposed equally as between employers and workmen.

104. The Board of Trade may, if in any case they consider that it is desirable, by special order exclude from the occupations which are to be deemed employment in an insured trade for the purpose of this Part of the Act—

(*a*) Any occupation which appears to them to be common to insured and uninsured trades alike, and ancillary only to the purposes of an insured trade; and

(*b*) Any occupation which appears to them to be an occupation in a business which, though concerned with the making of parts or the preparation of materials for use in connection with an insured trade, is mainly carried on as a separate business or in connection with trades other than insured trades;

and, on any such order being made, the occupation to which the order relates shall not be treated as employment in an insured trade for the purposes of this Part of this Act.

Any special order made under this section may be made so as to cover one or more occupations. The provisions of this Part of this Act as to the laying of regulations before Parliament and the presentation of an Address thereon shall apply to special orders made under this section.

105.—(1) The Board of Trade may, on the application of any association of workmen the rules of which provide for payments to its members, being workmen in an insured trade, or any class thereof, whilst unemployed, make an arrangement with such association that, in lieu of paying unemployment benefit under this Part of this Act to workmen who prove that they are members of the association there shall be repaid periodically to the association out of the unemployment fund such sum as appears to be, as nearly as may be, equivalent to the aggregate amount which such workmen would have received during that period by way of unemployment benefit under this Part of this Act if no such arrangement had been made, but in no case exceeding three-fourths of the amount of the payments made during that period by the association to such workmen as aforesaid whilst unemployed.

(2) The council or other governing body of any association of workmen which has made such an arrangement as aforesaid shall be entitled to treat the contributions due from any of its members to the unemployment fund under this Part of this Act, or any part thereof, as if such contributions formed part of the subscriptions payable by those members to the association, and, notwithstanding anything in the rules of the association to the contrary, may reduce the rates of subscription of those members accordingly.

(3) For the purpose of determining whether a workman has exhausted his right to unemployment benefit under this Part of this Act, the amount of any sum which, but for this section, would have been paid to him by way of unemployment benefit shall be deemed to have been so paid.

(4) The Board of Trade may make regulations for giving effect to this section, and for referring to the umpire appointed under this Part of this Act, any question which may arise under this section.

(5) The fact that persons other than workmen can be members of an association shall not prevent the association being treated as an

association of workmen for the purposes of this section, if the association is substantially an association of workmen.

106.—(1) The Board of Trade may, with the consent of the Treasury, and on such conditions and either annually or at such other intervals as the Board may prescribe, repay out of moneys provided by Parliament to any association of persons not trading for profit the rules of which provide for payments to persons whilst unemployed, whether workmen in an insured trade or not, such part (in no case exceeding one-sixth) as they think fit, of the aggregate amount which the association has expended on such payments during the preceding year or other prescribed period, exclusive of the sum (if any) repaid to the association in respect of such period in pursuance of an arrangement under the last foregoing section, and exclusive, in the case of payments which exceed twelve shillings a week, of so much of those payments as exceeds that sum.

(2) No repayment shall be made under this section in respect of any period before the expiration of six months from the commencement of this Act.

(3) The Board of Trade may make regulations for giving effect to this section, and for determining the mode in which questions arising under this section shall be settled.

107.—(1) For the purposes of this Part of this Act—

The expression "workman" means any person of the age of sixteen or upwards employed wholly or mainly by way of manual labour, who has entered into or works under a contract of service with an employer, whether the contract is expressed or implied, is oral or in writing, and in relation to a person whilst unemployed means a person who, when employed, fulfilled the conditions aforesaid, but does not include an indentured apprentice;

Contributions made by an employer on behalf of a workman shall be deemed to be contributions by the workman;

Two periods of unemployment of not less than two days each, separated by a period of not more than two days, during which the workman has not been employed for more than twenty-four hours, or two periods of unemployment of not less than one week each, separated by an interval of not more than six weeks, shall be treated as a continuous period of unemployment, and the expression "continuously unemployed" shall have a corresponding meaning;

Temporary work provided by a central body or distress committee under the Unemployed Workmen Act, 1905, or towards the provision of which any such central body or distress committee has contributed under that Act, shall not be deemed to be employment in an insured trade;

A workman shall not be deemed to be unemployed whilst he is following any remunerative occupation in an insured trade, or whilst he is following any other occupation from which he derives any remuneration or profit greater than that

which he would derive from the receipt of unemployment benefit under this Part of this Act;

A workman shall not, for the purposes of contributions, be deemed to be employed in any period in respect of which he receives no remuneration from his employer, notwithstanding that he continues during such period in his employment;

The expression "trade dispute" means any dispute between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment, or the terms of employment, or with the conditions of labour, of any persons, whether workmen in the employment of the employer with whom the dispute arises or not.

(2) In determining any question as to whether any trade in which a workman is or has been employed is an insured trade or not, regard shall be had to the nature of the work in which the workman is engaged rather than to the business of the employer by whom he is employed.

(3) This Part of this Act shall apply to workmen employed by or under the Crown to whom this Act would apply if the employer were a private person, except to such of those workmen as are serving in an established capacity in the permanent service of the Crown, subject, however, to such modifications as may be made therein by Order in Council for the purpose of adapting the provisions of this Part of this Act to the case of such workmen.

(4) If the Board of Trade are satisfied that any class of workmen are, having regard to their claim to pension or to the other terms of their service, in as permanent a position as that of persons serving in an established capacity in the permanent service of the Crown, the Board of Trade may exempt that class of persons from the provisions of this Part of this Act, and any persons so exempt shall not be deemed to be workmen.

Part III. General.

108. Stamps required for the purposes of this Act shall be prepared and issued in such manner as the Commissioners of Inland Revenue, with the consent of the Treasury, may direct, and the said Commissioners may, by regulations in accordance with the provisions of Part I. of this Act relating to regulations by the Insurance Commissioners, provide for applying, with the necessary adaptations, as respect such stamps, all or any of the provisions (including penal provisions) of the Stamp Duties Management Act, 1891, as amended by any subsequent Act, and section sixty-five of the Post Office Act, 1908, and may with the consent of the Postmaster-General provide for the sale of such stamps through the Post Office.

109. In granting outdoor relief to a person in receipt of or entitled to receive any benefit under this Act, a board of guardians shall not take into consideration any such benefit, except so far as such benefit exceeds five shillings a week.

110.—(1) There shall be included among the debts which, under section one of the Preferential Payments in Bankruptcy Act, 1888, and section two hundred and nine of the Companies (Consolidation) Act, 1908, are, in the distribution of the property of a bankrupt and in the distribution of the assets of a company being wound up, to be paid in priority to all other debts, all contributions payable under this Act by the bankrupt or the company in respect of employed contributors or workmen in an insured trade during the four months before the date of the receiving order, or, as the case may be, the commencement of the winding up or the winding-up order, and those Acts shall have effect accordingly, and formal proof of the debts to which priority is given under this section shall not be required except in cases where it may otherwise be provided by rules made under the Bankruptcy Act, 1883, or the Companies (Consolidation) Act, 1908.

(2) In the case of the winding up of a company within the meaning of the Stannaries Act, 1887, such contributions as aforesaid shall, if payable in respect of a miner, have the like priority as is conferred on wages of miners by section nine of that Act, and that section shall have effect accordingly.

(3) This section shall not apply where a company is wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company.

(4) In the application of this section to Scotland a reference to section three of the Bankruptcy (Scotland) Act, 1875, and the respective dates therein mentioned shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888, and the date of the receiving order; and an Act of Sederunt under the Bankruptcy Amendment (Scotland) Act, 1856, shall be substituted for rules under the Bankruptcy Act, 1883.

(5) In the application of this section to Ireland a reference to section four of the Preferential Payments in Bankruptcy (Ireland) Act, 1889, shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888; and a reference to general orders made under the first-mentioned Act shall be substituted for the reference to rules made under the Bankruptcy Act, 1883; and any reference to a bankrupt shall include a reference to an arranging debtor; and the reference to the receiving order shall be construed as a reference to the order of adjudication in the case of a bankrupt, or to the filing of the petition for arrangement in the case of an arranging debtor.

111. Every assignment of, or charge on, and every agreement to assign or charge, any of the benefits conferred by this Act shall be void, and, on the bankruptcy of any person entitled to any such benefit, the benefit shall not pass to any trustee or other person acting on behalf of his creditors.

112.—(1) An inspector appointed under this Act shall, for the purposes of the execution of this Act, have power to do all or any of the following things, namely:—

(*a*) to enter at all reasonable times any premises or place, other than a private dwelling-house not being a workshop, where he has reasonable grounds for supposing that any employed contributors or workmen in an insured trade are employed;

(*b*) to make such examination and inquiry as may be necessary for ascertaining whether the provisions of this Act are complied with in any such premises or place;

(*c*) to examine, either alone or in the presence of any other person, as he thinks fit, with respect to any matters under this Act, every person whom he finds in any such premises or place, or whom he has reasonable cause to believe to be or to have been an employed contributor or workman in an insured trade, and to require every such person to be so examined, and to sign a declaration of the truth of the matters in respect of which he is so examined;

(*d*) to exercise such other powers as may be necessary for carrying this Act into effect.

(2) The occupier of any such premises or place and any other person employing any employed contributor or workman in an insured trade, and the servants and agents of any such occupier or other person, and any employed contributor or workman in an insured trade shall furnish to any inspector all such information and shall produce for inspection all such registers, books, cards, and other documents as the inspector may reasonably require.

(3) If any person wilfully delays or obstructs an inspector in the exercise of any power under this section or fails to give such information or to produce such documents as aforesaid, or conceals or prevents or attempts to conceal or prevent any person from appearing before or being examined by an inspector, he shall be liable on summary conviction to a fine not exceeding five pounds:

Provided that no one shall be required under this section to answer any question or give any evidence tending to incriminate himself.

(4) Where any such premises or place are liable to be inspected by inspectors or other officers, or are under the control, of some other Government department, the Insurance Commissioners or Board of Trade may make arrangements with that other Government department for any of the powers and duties of inspectors under this section being carried out by inspectors or other officers of such other Government department, and, where such an arrangement is made, such inspectors and officers shall have all the powers of an inspector under this section.

(5) Every inspector shall be furnished with the prescribed certificate of his appointment, and on applying for admission to any premises for the purposes of this Act shall, if so required, produce the said certificate to the occupier.

113.—(1) Sections eighty and eighty-one of the Factory and Workshop Act, 1901, relating to the making of regulations under that Act, as set out and adapted in the Ninth Schedule to this Act, shall apply to special orders made under this Act.

(2) Before a special order (other than a special order excluding any occupation from the occupations which are to be deemed employment in an insured trade) comes into force, it shall be laid before each House of Parliament for a period of not less than thirty days during which the House is sitting, and, if either of those Houses before the expiration of those thirty days presents an Address to His Majesty against the order or any part thereof, no further proceedings shall be taken thereon, without prejudice to the making of any new order.

114. Where, for the purposes of this Act, the age of any person is required to be proved by the production of a certificate of birth, any person shall, on presenting a written requisition in such form and containing such particulars as may be from time to time prescribed by the Local Government Board for England, Scotland, or Ireland, as the case may be, and, on payment of a fee of sixpence, be entitled to obtain a certified copy of the entry of the birth of that person in the birth register, under the hand of the registrar or superintendent registrar having the custody thereof, and forms for such requisition shall on request be supplied without any charge by every registrar of births and deaths and by every superintendent registrar.

115. This Act may be cited as the National Insurance Act, 1911, and shall, save as otherwise expressly provided by this Act, come into operation on the fifteenth day of July nineteen hundred and twelve:

Provided that His Majesty in Council may, should necessity arise, substitute some subsequent date or dates not being later than the first day of January nineteen hundred and thirteen as respects the provisions of this Act relating to health insurance, and not being later than the first day of October nineteen hundred and twelve as respects the provisions of this Act relating to unemployment insurance.

SIXTH SCHEDULE.

List of Insured Trades for the purposes of Part II. of this Act relating to Unemployment Insurance.

(1) Building; that is to say, the construction, alteration, repair, decoration, or demolition of buildings, including the manufacture of any fittings of wood of a kind commonly made in builders' workshops or yards.

(2) Construction of works; that is to say, the construction, reconstruction, or alteration of railroads, docks, harbours, canals, embankments, bridges, piers or other works of construction.

(3) Shipbuilding; that is to say, the construction, alteration, repair or decoration of ships, boats or other craft by persons not being usually members of a ship's crew, including the manufacture of any fittings of wood of a kind commonly made in a shipbuilding yard.

(4) Mechanical engineering, including the manufacture of ordnance and firearms.

(5) Ironfounding, whether included under the foregoing headings or not.

(6) Construction of vehicles; that is to say, the construction, repair, or decoration of vehicles.

(7) Sawmilling (including machine woodwork) carried on in connection with any other insured trade or of a kind commonly so carried on.

SEVENTH SCHEDULE.

Rates and Periods of Unemployment Benefit.

In respect of each week following the first week of any period of unemployment, seven shillings, or such other rates as may be prescribed either generally or for any particular trade or any branch thereof:

Provided that, in the case of a workman under the age of eighteen, no unemployment benefit shall be paid while the workman is below the age of seventeen, and while the workman is of the age of seventeen or upwards but below the age of eighteen, unemployment benefit shall only be paid at half the rate at which it would be payable if the workman was above the age of eighteen.

No workman shall receive unemployment benefit for more than fifteen or such other number of weeks as may be prescribed either generally or for any particular trade or branch thereof within any period of twelve months, or in respect of any period less than one day.

No workman shall receive more unemployment benefit than in the proportion of one week's benefit for every five contributions paid by him under this Act:

Provided that for the purpose of the foregoing paragraph—

(*a*) in the case of a workman who satisfies the Board of Trade that he is over the age of twenty-one and has habitually worked at an insured trade before the commencement of this Act, there shall be deemed to be added to the number of contributions which he has actually paid five contributions for each period of three months or part of such period during which he has so worked before the commencement of this Act, up to a maximum of twenty-five contributions; and

(*b*) where, owing to the fact that the wages or other remuneration of a workman are paid at intervals greater than a week, or for any other like reason contributions are paid under Part II. of this Act in respect of any workman at intervals greater than a week, that workman shall be entitled to treat each of such contributions as so many contributions as there are weeks in the period for which the contribution has been paid.

Any time during which a workman is, under Part II. of this Act, disqualified for receiving unemployment benefit shall be excluded in the computation of periods of unemployment under this schedule.

A period of unemployment shall not be deemed to commence till the workman has made application for unemployment benefit in such manner as may be prescribed.

The power conferred by this schedule on the Board of Trade to prescribe rates and periods of unemployment benefit shall not be exercised so as to increase the rate of benefit above eight shillings per week or reduce it below six shillings per week, or to increase the period of unemployment benefit above fifteen weeks, or to alter the proportion which the period of benefit bears to the number of contributions paid, except by rules confirmed by an order made in accordance with the provisions of this Act relating to special orders.

EIGHTH SCHEDULE.

CONTRIBUTIONS FOR THE PURPOSES OF PART II. OF THIS ACT RELATING TO UNEMPLOYMENT INSURANCE.

Rates of Contribution from Workmen and Employers.

From every workman employed in an insured trade for every week he is so employed - - - - - $2\frac{1}{2}d.$

From every employer by whom one or more workmen are employed in an insured trade, in respect of each workman, for every week he is so employed - - - - $2\frac{1}{2}d.$

Provided that, in the case of a workman below the age of eighteen, $1d.$ shall be substituted for $2\frac{1}{2}d.$ as the contribution from the workman and from the employer, but, for the purpose of reckoning the number of contributions in respect of such a workman except as regards the payment of unemployment benefit before he reaches the age of eighteen, the $1d.$ shall be treated as two-fifths of a contribution.

Every such period of employment of less than a week shall, for the purposes of this schedule, be treated as if it were employment for a whole week, except that, where the period of employment is two days or less, the contributions both of the employer and of the workman shall be reduced to one penny if the period does not exceed one day and to twopence if it exceeds one day; and, in such case, in reckoning the number of contributions under Part II. of this Act and the schedules therein referred to, contributions at such reduced rates shall be treated as two-fifths or four-fifths of a contribution as the case may require.

NINTH SCHEDULE.

PROVISIONS OF THE FACTORY AND WORKSHOP ACT, 1901, APPLIED TO SPECIAL ORDERS MADE UNDER THIS ACT.

80.—(1) Before the authority empowered to make special orders make any special order under this Act, they shall publish, in such

manner as they may think best adapted for informing persons affected, notice of the proposal to make the order, and of the place where copies of the draft order may be obtained, and of the time (which shall be not less than twenty-one days) within which any objection made with respect to the draft order by or on behalf of persons affected must be sent to the authority.

(2) Every objection must be in writing and state—

(*a*) the draft order or portions of draft order objected to;
(*b*) the specific grounds of objection; and
(*c*) the omissions, additions, or modifications asked for.

(3) The authority shall consider any objection made by or on behalf of any persons appearing to them to be affected which is sent to them within the required time, and they may, if they think fit, amend the draft order, and shall then cause the amended draft to be dealt with in like manner as an original draft.

(4) Where the authority do not amend or withdraw any draft order to which any objection has been made, then (unless the objection either is withdrawn or appears to them to be frivolous) they shall, before making the order, direct an inquiry to be held in the manner hereinafter provided.

81.—(1) The authority may appoint a competent and impartial person to hold an inquiry with regard to any draft order, and to report to them thereon.

(2) The inquiry shall be held in public, and any objector and any other person who, in the opinion of the person holding the inquiry, is affected by the draft order, may appear at the inquiry either in person or by counsel, solicitor, or agent.

(3) The witnesses on the inquiry may, if the person holding it thinks fit, be examined on oath.

(4) Subject as aforesaid, the inquiry and all proceedings preliminary and incidental thereto shall be conducted in accordance with rules made by the authority.

(5) The fee to be paid to the person holding the inquiry shall be such as the authority may direct and shall be deemed to be part of the expenses of the authority in carrying this Act into effect.

(6) For the purposes of this schedule, the expression "authority" means the Insurance Commissioners or the Board of Trade as the case may be.

(3) REGULATIONS MADE BY BOARD OF TRADE UNDER PART II. OF THE NATIONAL INSURANCE ACT.

(i) Unemployment Insurance (Umpire) Regulations, 1912.
(ii) Unemployment Insurance Regulations, 1912.
(iii) Regulations under Section 99.
(iv) Emergency Book (Unemployment Insurance) Regulations, 1912.
(v) Inspectors' (Unemployment Insurance) Regulations, 1912.

(i) The Unemployment Insurance (Umpire) Regulations, 1912, dated 26th March, 1912.

The Board of Trade, in pursuance of section 91 of the National Insurance Act, 1911, hereby make the following regulations :—

1.—(1) If any workman or the employer of any workman desires to obtain a decision by the umpire appointed under Part II. of the National Insurance Act, 1911 (in these Regulations referred to as the Act), of the question whether contributions under that Part of the Act are payable in respect of that workman or of the class of workmen to which that workman belongs, or if the Board of Trade desire to obtain such a decision as respects any workman or any class of workmen, the workman or the employer, or the Board, as the case may be, may make an application for the purpose by sending or delivering to the umpire an application in the form set out in the Schedule to these Regulations.

(2) An application under these Regulations may be made on behalf of any workman or employer by any association of workmen or any association of employers of which he is a member, and may be made on behalf of the Board of Trade by any officer of the Board authorised by the Board in that behalf.

(3) An application may be made to the umpire at any time for the revision of any decision previously given by him on any application under these Regulations.

Any such application must be made by some person by whom the original application could have been made, and shall contain a statement of any new facts or other grounds on which the applicant claims that the decision ought to be revised.

2. If the umpire on the consideration of any application under these Regulations is of opinion that the application is frivolous or raises a question which does not admit of reasonable doubt, he shall give his decision on the application forthwith ; but if he is not so of opinion, he shall reserve his decision, and, subject as hereinafter provided, give public notice in the Board of Trade Journal and in such other manner as he thinks fit of the nature of the application and of the date, not being less than fourteen days after the date of the notice, on or after which he proposes to give his decision on the application :

Provided that where the only question raised in the application is whether any particular workman belongs to a class of workmen with respect to whom it has been decided, or with respect to whom, in the opinion of the umpire, there is no reasonable doubt, that contributions are payable, it shall be sufficient if, in lieu of public notice, notice is given to the workman and his employer and the Board of Trade.

3. If before the date specified in the notice any representations with reference to the application are made in writing to the umpire by or on behalf of any workman or employer appearing to him to be interested or the Board of Trade, the umpire shall take those representations into his consideration, and the umpire may at any time before the said date require any persons to supply to him such information in writing as he thinks necessary for the purpose of enabling him to give a decision.

All such representations and information shall be open to inspection by any employer or workman appearing to the umpire to be interested or any persons authorised in that behalf by any such employer or workman or the Board of Trade.

4. Any persons claiming to be interested may apply to the umpire to be heard by him orally in reference to any application under these Regulations, and the umpire may, in any case in which he thinks it desirable, require the attendance of any person before him to give oral information on the subject of any application.

5. The umpire shall give notice of his decision to the applicant and to the Board of Trade, and the Board shall publish the decision in such manner as they think fit.

6. Subject to the provisions of these Regulations, the umpire may determine his own procedure.

7. Where any question is required to be referred to the umpire under subsection (6) of section 101 of the Act, the question shall be referred to the umpire by means of an application for the purpose made by the Court before whom the proceedings in which the question arises are pending, and in any such case the foregoing provisions of these Regulations shall apply as if the application were an application by a workman or an employer.

8. The umpire may, with the consent of the Board of Trade, appoint any person to act as deputy umpire in the case of the unavoidable absence of the umpire, and the Board of Trade may in the case of the incapacity of the umpire appoint any person to act as deputy umpire during the incapacity of the umpire.

9.—(1) These Regulations may be cited as the Unemployment Insurance (Umpire) Regulations, 1912.

(2) These Regulations shall come into operation forthwith.

(3) As respects workmen employed by or under the Crown, these Regulations are subject to any Order in Council that may hereafter be made under subsection (3) of section 107 of the Act.

SCHEDULE.

A.—Form of Application referring to a Class of Workmen.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

Application to Umpire for a Decision whether Contributions are payable.

I, *A.B.*, [the employer of] a workman of the class specified in the annexed particulars, desire to obtain the decision of the umpire whether contributions under Part II. of the National Insurance Act, 1911, are payable in respect of that class of workmen.

Particulars.

(1) Trade designation _____

(2) Exact description of work performed by class. _____

(3) District where occupation is carried on. _____

(4) Whether in opinion of applicant the employment of the class of workmen is or is not employment in an insured trade, with reasons for the opinion. _____

Name of Applicant _____

Address of Applicant _____

Note.—If the application is made by any association of workmen or employers on behalf of the applicant, the fact must be stated.

B.—Application referring solely to an Individual Workman.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

(i) Application to Umpire for Decision whether Contributions are payable.

I, *A.B.*, [the employer of] the workman specified in the annexed particulars, desire to obtain the decision of the umpire whether contributions under Part II. of the National Insurance Act, 1911, are payable in respect of [that workman] [myself].

Particulars.

(1) Name and address of workman _____

(2) Name and address of employer _____

(3) Occupation of workman with particulars sufficient to show that he is a workman within the meaning of section 107 of the National Insurance Act, 1911. _____

(4) Exact description of work performed. _____

(5) Workman's position and condition of service. _____

(6) Whether in opinion of applicant, the employment is or is not employment in an insured trade, with reasons for the opinion. _____

Name of Applicant _____

Note.—If the application is made by any association of workmen or employers on behalf of the applicant, the fact must be stated.

(ii) The Unemployment Insurance Regulations, 1912, dated 6th May, 1912.

Arrangement of Regulations.

General.

1. Short title and commencement.
2. Interpretation and general.

Unemployment Insurance Books, Stamping, etc.

3. Provisions as to obtaining and custody of books, &c.
4. Right of workman to inspect book in custody of employer.
5. Disposal of book on termination of employment otherwise than by death of workman, etc.
6. Disposal of book on death of workman.
7. Miscellaneous provisions as to books.
8. Stamping of books.
9. Deductions from wages in respect of stamps affixed by employer.

Claims for Unemployment Benefit, Proof of Unemployment, and Payment of Benefit.

10. Workman desiring to obtain unemployment benefit or payment from an association of workmen to make application in proper form and to lodge book at local office.
11. Workman desiring to obtain benefit direct from local office to attend and sign register.
12. Payment of benefit by local office.
13. Interim payment of benefit pending decision by umpire.

Arrangement with Associations of Workmen under Section 105.

14. Application for an arrangement under section 105.
15. Power to cancel arrangements.
16. Required conditions of an arrangement.
17. Notice to association of members having lodged books.

18. Provisions as to repayments to associations.
19. Reference to umpire of questions as to amount of repayment under section 105.

Courts of Referees.

20. Constitution of panels to represent employers and workmen.
21. Constitution and procedure of courts of referees.

References to Referees under Section 90 (4).

22. Reference of questions by Board of Trade to referees under section 90 (4).

Miscellaneous Refunds and Repayments.

23. Prescribed period under section 94.
24. Application for refund of contributions under section 96.
25. Application for ruling as to circumstances of proposed reduction of working hours.
26. Employer to furnish information to Board.
27. Notice to Board of intention to claim repayment under section 106 of the Act.
28. Conditions of repayments.
29. Annual return to be furnished by association before repayment is made.
30. Reference to umpire of questions as to amount of repayment under section 106.
31. Return of contributions paid under erroneous belief that workman was workman in insured trade.

Arrangements with Employers with respect to Workmen engaged through Labour Exchanges.

32. Employer to deposit with Board sum sufficient to cover estimated amount of contributions.
33. Right of workmen to inspect book in custody of labour exchange under an arrangement.
34. Provision as to deductions in case of employment of workmen under several employers.

Miscellaneous Provisions.

35. Workmen employed by same employer partly in insured trade and partly not.
36. Workmen employed by one person for purposes of business of another.
37. Workmen in service of Crown.

SCHEDULES.

Regulations made by the Board of Trade under Part II. of the National Insurance Act, 1911.

The Board of Trade in pursuance of section 91 of the National Insurance Act, 1911, hereby make the following Regulations.

General.

1.—(1) These Regulations may be cited as the Unemployment Insurance Regulations, 1912.

(2) These Regulations shall come into operation on the fifteenth day of July, 1912.

2.—(1) In these Regulations, unless the context otherwise requires or admits—

The expression "the Act" means the National Insurance Act, 1911:

The expression "the Board" means the Board of Trade:

The expression "unemployment book" or "book" means any book or card issued in accordance with these Regulations to or upon which stamps are to be affixed or impressed for the purpose of the payment of contributions under Part II. of the Act:

The expression "unemployment insurance stamp" or "stamp" means a stamp to be affixed to or impressed upon an unemployment book for the purpose of payment of contributions under Part II. of the Act:

The expression "local office" means a labour exchange or other office appointed by the Board as a local office for the purposes of Part II. of the Act and of these Regulations:

The expression "day" means any period of twenty-four hours, but does not include any part of a day being a Sunday, except in relation to a workman who when in employment is employed on Sundays:

The expression "week" means any six consecutive days, whether separated by a Sunday or not, or, in relation to a workman who when in employment is employed on Sundays, any seven consecutive days.

(2) Where under these Regulations the Board are empowered to give directions on any matter, the directions may be given either generally or as regards any special case or any special class or district.

(3) Any of the powers conferred on the Board under these Regulations may be exercised by, and anything required by these Regulations to be done to or before the Board may be done to or before, such officer as the Board may appoint for the purpose.

(4) The Interpretation Act, 1889, applies for the purpose of the interpretation of these Regulations as it applies for the purpose of the interpretation of an Act of Parliament.

Unemployment Insurance Books, Stamping, etc.

3.—(1) Every workman employed or about to be employed in an insured trade shall obtain from a local office, or in such other way as the Board of Trade may direct, an unemployment book.

(2) Every employer on engaging a workman for employment in an insured trade shall, as soon as may be after the date of the engagement, or in the case of a workman employed in an insured trade at the date of the commencement of Part II. of the Act, as soon as may be after that date, obtain from the workman a book then current, and it shall be the duty of the workman to deliver or cause to be delivered his book to the employer accordingly.

(3) The employer on obtaining the book shall become responsible for the custody of the book so long as the employment continues, or till the book is returned to the workman or delivered to the local office in accordance with these Regulations.

4. If any workman desires to inspect his book while it is in the custody of the employer, the employer shall, subject as hereinafter mentioned, give him a reasonable opportunity of so doing either within or immediately before or after working hours:

Provided that no workman shall be entitled by virtue of this provision to inspect his book more than once in any one month nor except at such time as may be fixed by the employer for the purpose.

5.—(1) On the termination of the employment of any workman for any cause other than his death the employer shall forthwith return the book to the workman without any note or mark of any kind in, affixed to, or impressed on it, other than any such mark as is required for the purpose of cancelling in accordance with these Regulations any stamp affixed to the book.

(2) The workman on the termination of his employment shall apply to the employer for the return of his book, and on the book being returned to him, shall give to the employer, if he demands it, a receipt for the book.

(3) An employer shall comply with any directions which may be given by the Board as to the return to a workman of his book at any other time than on the termination of his employment.

(4) Subject to any directions of the Board to the contrary, the workman to whom a book is returned under the foregoing provisions shall, if he is unemployed, forthwith deliver it to a local office, there to be retained till the workman again obtains employment in an insured trade.

(5) If for any reason the book is not returned to the workman in accordance with this Regulation on the termination of his employment, the employer shall, as soon as may be, deliver the book to a local office.

6. On the death of a workman the employer, if the book is then in the custody of the employer, or if the book is not then in the custody of the employer, the workman's representative, whether legally so constituted or not, shall forthwith deliver the book to a local office.

7.—(1) A book shall be issued without charge to a workman properly applying for a book, and when issued shall remain the property of the Board.

(2) A book shall be in such form as the Board direct, and shall be current only during such period, not exceeding fifty-three weeks from the date of the issue thereof, as may be specified thereon, and shall within seven days, or such longer time as the Board in any special case allow, after the date in which it ceases to be current be returned by the workman, or by the employer on his behalf, to a local office, and a fresh book shall thereupon be issued without charge to the person so returning the book :

Provided that, where the book on the date on which it ceases to be current is in the custody of the employer, he shall, if the workman so requires, instead of returning it to a local office, return it to the workman to be by him returned to a local office.

(3) If a book is destroyed, is lost so as to be irrecoverable, or is defaced in any material particular, a new book may be issued in substitution for it at a charge of one shilling, to be paid by the person for the time being responsible for the custody of the original book, and such number of contributions as are shown to the satisfaction of the Board to have been paid by the affixing or impressing of stamps to or upon the book so destroyed, lost, or defaced, shall be credited to the workman on the new book.

Save as aforesaid, no charge shall be made by the Board in connection with the issue, custody, delivery up, exchange, or replacement of any book.

(4) Where any book is lost the Board, if they think fit, may pay out of the unemployment fund any sum not exceeding one shilling by way of reward to the person by whom the book is returned to the local office, and may refuse to restore the book to the person responsible for its custody until that person has repaid to the Board any sum which has been so paid by the Board by way of reward and which he is liable to repay under subsection (3) of section 100 of the Act.

8.—(1) For the purpose of making the proper payments required to be made by an employer in respect of contributions under Part II. of the Act, the employer shall, on or before the first payment of wages to a workman, and on or before each subsequent payment of wages in respect of the unemployment, affix to the book stamps of such value as may be necessary to make the total value of all stamps so affixed equal to the following amounts :—

(i) In the case of a workman not below the age of eighteen—
For every period of employment in respect of which wages are payable—
If exceeding two days but not exceeding one week . 5*d.*
If exceeding one day but not exceeding two days . 4*d.*
Not exceeding one day . . . . . 2*d.*

(ii) In the case of a workman below the age of eighteen—
For every period of employment in respect of which wages are payable not exceeding one week . . . 2*d.*

Provided that—

(*a*) on the termination of employment, whether or not any wages are then paid, stamps shall be affixed by the employer in respect of any part of the period of employment in respect of which stamps have not already been affixed; and

(*b*) where the first payment of wages takes place before the completion of a week of employment but the employment is a continuing one, the employer may, at his option, either treat the period of employment in respect of which the first payment of wages is made as a separate period of employment or may affix stamps as for a full week of employment; and

(*c*) where wages are paid to a workman at intervals shorter than a week, the employer shall not after the first payment of wages (subject always to his obligation to affix stamps on the termination of employment) be required to affix stamps more frequently than at weekly intervals; and

(*d*) where the employer employs any workman regularly, he may deposit with the Board a sum equal to the estimated amount of the contributions payable by him during a period of three months, or such less period as may be agreed between him and the Board, in respect of those workmen both on his own behalf and on behalf of those workmen.

On making such a deposit the obligation of the employer to stamp the books of those workmen on the occasions or at the intervals hereinbefore specified shall cease, and in lieu thereof he shall be liable as follows:—

(i) In case the employment of any of those workmen terminates before the expiration of any period of three months, the employer shall be liable to stamp forthwith the book of the workman whose employment so terminates; and

(ii) In the case of any workman whose employment does not so terminate, the employer shall be liable either to stamp the book of that workman at intervals of three months, or to pay the contributions payable in respect of that workman through the Board at intervals of three months in such manner as the Board may direct.

Where a deposit has been made under the foregoing provision, the employer shall be deemed to have duly affixed the necessary stamps to the books of the workmen at the several dates on which he would have been bound to affix them if no such deposit had been made.

(2) No stamp shall be affixed to or impressed upon a book otherwise than in respect of employment in an insured trade, and any stamp affixed or impressed otherwise than in respect of such employment shall not be deemed to be a payment of a contribution under Part II. of the Act.

(3) Every adhesive stamp affixed to a book by an employer shall be cancelled by him in the same manner in which stamps affixed to a book or card for the purpose of the payment of contributions under Part I. of the Act are required to be cancelled by any Regulations made under that Part of the Act and for the time being in force, or if for the time being there is no provision in force for the cancellation of stamps so affixed to a book or card under Part I. of the Act, then in such manner as the Board may direct.

9. The employer shall be entitled, notwithstanding the provisions of any Act or any contract to the contrary, to recover from the workman, by deductions from the workman's wages or from any other payment due from him to the workman, an amount equal to one-half of the value of any stamps which have been, or which by virtue of these Regulations are deemed to have been, affixed by him to the workman's book.

Claims for Unemployment Benefit, Proof of Unemployment, and Payment of Benefit.

10.—(1) Where a workman desires to obtain unemployment benefit, or to obtain any payment in respect of unemployment from an association of workmen with which an arrangement has been made under section 105 of the Act, he shall

(*a*) make an application or give notice, as the case requires, to the Board in writing in the form set forth in the First Schedule to these Regulations, or in such other form as the Board may direct; and

(*b*) lodge his unemployment book at a local office; and

(*c*) if required, produce to the Board his insurance book as defined by the Regulations made under Part I. of the Act, or furnish such other evidence as the Board may require that he is not in receipt of sickness or disablement benefit or disablement allowance under that Part of the Act.

(2) Notice that the book has been lodged at the local office under this Regulation shall, unless it is not practicable to do so, forthwith be given by the Board to the person appearing, from the particulars furnished by the workman, to be his last employer.

(3) Where the workman desires to obtain payment from any such association as aforesaid, the local office shall deliver to him such a receipt for the book lodged by him as may be necessary to enable him to claim from the association any payment due to him from the association while unemployed.

11.—(1) A workman desiring to obtain unemployment benefit shall attend at the local office at which his book is lodged on every working day between such hours as the Board may direct, and shall there as evidence of being unemployed on that day sign a register to be kept at the office for the purpose :

Provided that—

(*a*) a workman residing at a distance of more than three miles, but not more than five miles, from the local office nearest or most convenient to his place of residence shall be required to attend only on alternate days, and on each attendance may sign the register in respect of the preceding day as well as in respect of the actual day of attendance ; and

(*b*) a workman residing more than five miles from the local office nearest or most convenient to his place of residence shall attend at such longer intervals, or furnish such other evidence of being unemployed as the Board may direct, and on each attendance may sign the register in respect of all days on which he was unemployed since his last attendance as well as in respect of the actual day of attendance ; and

(*c*) a workman may, for special cause approved by the Board in each case, and subject to such conditions as the Board may impose, be excused from personal attendance and signature of the register on any day on which he would otherwise have been liable to attend and sign the register.

(2) The Board may in any particular case require a workman, notwithstanding that he has duly signed the register in accordance with these regulations, to furnish further evidence that he was unemployed on all or any of the days in respect of which he has signed the register.

(3) Subject to the provisions of these Regulations as to excuse from signing the register, a workman shall not be deemed to have been unemployed on any day in respect of which he has not signed the register in accordance with these regulations.

12.—(1) Subject to any directions of the Board, unemployment benefit shall be paid at the local office at which the book of the workman concerned is lodged, and at weekly intervals on such day or days of the week, and at such hours as the Board may direct.

(2) The amount paid on any occasion shall be the amount of unemployment benefit due up to and including the day next but one preceding the day on which the payment is made.

13. Where a Court of Referees have recommended that a claim for unemployment benefit should be allowed and the recommendation has been referred by the insurance officer to the umpire, the workman shall, subject always to the provisions of subsection (5) of section 101 of the Act, be entitled to receive unemployment benefit as from the date of the recommendation until the claim is finally determined by the umpire, as if the insurance officer had not disagreed with the recommendation.

Arrangements with Associations of Workmen under Section 105.

14. Every application by an association of workmen for an arrangement under section 105 of the Act shall be made in the form set forth in the Second Schedule to these Regulations or in such other form as the Board may direct, and shall be accompanied by a copy of the rules of the association.

15. The Board may at any time, by notice in writing to that effect, cancel as from the date of the notice or any later date specified in the notice any arrangement made with an association under section 105 of the Act if, in their opinion, the association ceases to comply with any of the conditions contained in the arrangement or in these Regulations, without prejudice, however, to any right of the association to receive under subsection (1) of that section a proper repayment in respect of any payments made to members of the association before the date as from which the arrangement is cancelled.

16. It shall be a condition of every arrangement made with an association under section 105 of the Act that the association—

(i) shall have a system, which in the opinion of the Board is reasonably effective for the purpose, of notifying to their unemployed members opportunities for employment; and

(ii) shall, so far as is necessary for the purpose of enabling the Board to determine the sum which ought to be repaid to the association under subsection (1) of section 105 of the Act, allow the Board to inspect any books of account, vouchers, and other documents relating to the payment by the association of benefits in respect of unemployment.

17.—(1) As soon as may be after any members of the association have lodged their books in accordance with these Regulations at a local office with a view to claiming from the association payment in respect or unemployment, the Board shall send to the association a notice stating the names of those members, and the amount (if any) of unemployment benefit which in the opinion of the Board each of those members is entitled to receive, and if in the case of any such member the Board are not satisfied that he would be entitled to receive any unemployment benefit under the Act, if he applied for it, the notice shall contain a statement to that effect:

Provided that the Board shall not be bound to send notice under this Regulation to the association more often than once in any one week.

(2) The association shall, from time to time, at such intervals as may be provided by the arrangement made with the association, send to the Board a notice containing a statement of all payments made by the association in respect of unemployment to any members of the association being workmen in an insured trade, in respect of which it is proposed by the association to claim repayment under section 105 of the Act.

Every such statement shall be made up in such a manner as to show separately the payments made in each week of the period covered by the statement, and the payments made to each workman in each week.

(3) In the case of an association with branches the notice required under this Regulation to be sent to the association shall, if the association so require, be sent to a specified branch of the association instead of to the association, and the notice so required to be sent by the association may as respects the members belonging to any branch of the association be sent by that branch instead of by the association.

18.—(1) The first repayment by the Board under subsection (1) of section 105 of the Act to an association with which an arrangement has been made shall be made on such date (not being less than three months from the date on which the arrangement comes into force) as may be specified in the arrangement, and subsequent repayments shall be made at intervals of three months or at such longer intervals as may be specified in the arrangement.

(2) In determining for the purposes of section 105 of the Act the aggregate amount which a workman would have received during any period by way of unemployment benefit no payment shall be taken into account if made during—

(*a*) any period during which the workman's book was not lodged at a local office; or

(*b*) any period in respect of which the workman has not furnished evidence that he was unemployed either by signing a register in accordance with the arrangement, or in such other manner as may be specified in the arrangement; or

(*c*) any other period during which the workman would not have been entitled to receive unemployment benefit if he had applied for it.

(3) If it is found that the amount of any such repayment is in excess of the amount which ought properly to have been repaid, the Board may (without prejudice to any other remedy) deduct the amount of the excess from any repayments to which the association may be subsequently entitled.

19. If any question arises between the Board and an association as to the amount of any repayment which ought to be, or which has been, made to the association under subsection (1) of section 105 of the Act, the question shall, if either the association or the Board so require, be referred to the umpire for determination.

Courts of Referees.

20. The following provisions shall have effect with respect to the constitution of the panels of persons to represent employers and workmen respectively required to be constituted by the Board under subsection (2) of section 90 of the Act:—

(i) The number of the members of the panel shall be such as the Board think fit.

(ii) The members of the panel to represent the employers in a trade or group of trades in a district shall be appointed by the Board, and the Board before making the appointment shall take into consideration the names of any persons suggested for appointment by or on behalf of any of those employers or any associations of those employers who appear to the Board to be interested.

(iii) The members of the panel to represent the workmen in a trade or group of trades in a district shall be elected by those workmen.

The election shall be by ballot and shall be conducted by the Board, and, in the case of the election of the first panel, no workman shall be entitled to vote at the election except at the local office at which his unemployment book was issued and unless he satisfies the Board that he has worked at the insured trade for more than twelve months before the commencement of the Act and is accordingly entitled to be credited with additional contributions under the Seventh Schedule to the Act, and, in the case of the election of any subsequent panel, no workman shall be entitled to vote at the election unless he satisfies the Board that he has paid at least thirty contributions under the Act.

(iv) The term of office of the members of a panel shall in the case of the first panels constituted under the Act be such term, not being less than one year or more than three years, as the Board may direct, and in the case of panels subsequently constituted be three years.

(v) Casual vacancies on a panel representing either employers or workmen may be filled by the Board, and any person appointed to fill a vacancy shall hold office until the expiration of the period during which the person in whose place he is appointed would have held office:

Provided that the Board shall not be bound to fill any casual vacancy unless they think fit so to do, and a panel shall not be deemed to be improperly constituted by reason only that a casual vacancy on the panel has not been filled.

21.—(1) A court of referees shall consist of the Chairman of the court, and of one person drawn from the employers' panel and one person from the workmen's panel and duly summoned to serve on the court.

(2) Each member of a panel shall, so far as practicable, be summoned to serve in turn upon a court of referees from a rota prepared in advance.

(3) The chairman of a court of referees shall be appointed by the Board, and no person who is either an employer or a workman in the trade or group of trades represented on the panels from which the other members of the court are drawn shall be qualified for appointment as chairman.

(4) The decision of a majority of a court of referees shall be the decision of the court, but any member dissenting from any decision of the court may record his dissent and the reasons therefor, and a statement that the member so dissented and of the reasons recorded by him for so dissenting shall be transmitted to the insurance officer with the recommendation of the court.

(5) Where a workman in any trade has required the insurance officer to report any matter to a court of referees, the chairman of the court may at any time before the matter has been taken into consideration by the court, refer the matter for previous examination and report to two persons, who are persons resident in the neighbourhood in which the workman resides, and of whom one shall be drawn from the employers' panel and the other from the workmen's panel.

(6) Subject as aforesaid the procedure of a court of referees (including the procedure for summoning the court) shall be such as the Board may determine.

References to Referees under Section 90 (4).

22.—(1) The Board may, if they think fit, under subsection (4) of section 90 of the Act refer any such question as is mentioned in that subsection for consideration and advice to the persons who constitute the panels representing employers and the panels representing workmen in any district, and the Board may do all things necessary for summoning a meeting of those persons for the purpose.

(2) The chairman of the court of referees for the district shall, unless the Board otherwise direct, be chairman of the meeting.

(3) At the request of the majority of the persons representing either employers or workmen present at any meeting, voting on any particular question shall be so conducted that there shall be an equality of votes as between the persons representing employers and the persons representing workmen, notwithstanding the absence of any member of a panel, but save as aforesaid every question shall be decided by a majority of the persons present and voting on that question.

(4) On any question on which equality of voting power has been claimed under the preceding provision, the Chairman shall have no vote, but in case of the votes recorded being equal he shall make a report to that effect to the Board and may also, if he thinks fit, state his own opinion on the merits of the question.

(5) Subject as aforesaid the procedure of any meeting under this Regulation shall, subject to any directions of the Board, be determined by the meeting.

Miscellaneous Refunds and Repayments.

23. The period of twelve months within one month of the termination of which an application under section 94 must be made shall be the period of twelve months ending on the 14th day of July in any year.

24.—(1) An employer desiring to obtain under section 96 of the Act a refund of contributions paid by him in respect of workmen employed by him who have been systematically working short time may make an application to the Board for the purpose, and every such application shall be in the form set out in the First Part of the Third Schedule to these Regulations, or in such other form as the Board may direct.

(2) The Board shall take every such application into their consideration, and shall, if satisfied that the circumstances are such as to justify a refund under the said section, take such steps as are necessary for refunding to the employer the contributions so paid by him or such part of those contributions as may seem just.

25. An employer desiring to obtain a ruling of the Board under subsection (2) of section 96 of the Act may make an application to the Board for the purpose, and every such application shall be in the form set out in the Second Part of the Third Schedule to the Regulations, or in such other form as the Board may direct.

26. An employer who has made an application for a refund or a ruling under section 96 of the Act shall furnish to the Board such information as the Board may require for the purpose of enabling them to deal with the application, and shall, so far as is necessary for that purpose, allow the Board to inspect any material books of account, vouchers, or other documents.

27.—(1) An association which intends to claim under section 106 of the Act a repayment of part of its expenditure on payments to persons whilst unemployed shall give notice of that intention to the Board in the form set out in the Fourth Schedule to these Regulations, or in such other form as the Board may direct.

(2) Every such notice shall be accompanied by a copy of the rules of the association, and a full statement of the system adopted by the association for—

(*a*) requiring their unemployed members to furnish evidence of the fact that they are unemployed, either by signing a register or otherwise; and

(*b*) notifying to their unemployed members opportunities for employment.

(3) The Board, after taking into consideration the notice and the accompanying rules and statement, shall notify to the association whether,

in the opinion of the Board, the association satisfies the conditions required for a repayment under section 106 of the Act.

28.—(1) No repayment under section 106 of the Act shall be made to any association—

(*a*) in respect of payments made to any member otherwise than in respect of unemployment;

(*b*) in respect of payments made to a member while unemployed by reason of being engaged in a trade dispute, or while sick or superannuated, or while temporarily suspended from employment for disciplinary reasons;

(*c*) in respect of payments made to any member for the purpose of providing him with tools or enabling him to travel to or in search of a situation.

(2) No such repayment shall be made to any association unless the association—

(*a*) have a system, which in the opinion of the Board is reasonably effective for the purpose, of notifying to their unemployed members opportunities for employment; and

(*b*) allow the Board, so far as is necessary for the purpose of enabling the Board to determine the sum which ought to be repaid to the association, to inspect any books of account, vouchers, and other documents relating to payments by the association to unemployed members; and

(*c*) comply with the provisions of these Regulations relating to such a repayment.

29. Within three months of the end of every calendar year, or at such other times as may be agreed upon between the Board and the association, the association shall furnish a return to the Board showing in such form as the Board may require the payments made to the members of the association in respect of which a repayment is claimed, and the Board shall repay to the association an amount equal to one-sixth of such of the payments so made as, in the opinion of the Board can properly be taken into account, having regard to the provisions of the Act and of these Regulations.

30. If any question arises between the Board and an association as to the amount of any repayment which ought to be made to the association under section 106 of the Act, the question shall, on the application of the association, be referred to the umpire for determination.

31.—(1) Any person who has paid contributions under the erroneous belief that he was a workman in an insured trade, or was the employer of such a workman, may make an application to the Board for a return of the contributions so paid by him, and the Board, if satisfied that the contributions in respect of which the application is made were paid by the applicant and that the person by or in respect of whom the contributions were paid was not a workman in an insured trade, shall pay to the applicant in accordance with his application a sum equal to the amount

of the contributions paid, after deducting from that amount, where the application relates to contributions paid by a workman, the amount (if any) paid to that workman by way of unemployment benefit in respect of those contributions as being a workman in an insured trade.

(2) An application for the purpose of this Regulation shall be made in the form set out in the Fifth Schedule to these Regulations, or in such other form as the Board may direct.

Arrangements with Employers with respect to Workmen engaged through Labour Exchanges.

32. Every arrangement made by the Board with an employer under section 99 of the Act for the performance of any of the duties of the employer under Part II. of the Act shall provide that the employer shall deposit with the Board a sum sufficient to cover the estimated amount of the contributions payable by the employer during a period of three months or such less period as may be agreed between him and the Board, both on his own behalf and on behalf of the workmen in respect of whom the arrangement is made, and that the employer shall not, unless such a deposit is made, be entitled to make deductions under subsection (3) of section 85 of the Act from any wages or other payments due by him to any of those workmen.

33. Every workman shall have the same right of inspecting his book while it is in the custody of a labour exchange by virtue of an arrangement under section 99 of the Act as he would have had if the book had been in the custody of the employer, and the provisions of these Regulations relating to the right of a workman to inspect his book shall apply accordingly with the substitution of the Board for the employer.

34. Where a workman engaged through a labour exchange is employed by one or more employers with whom an arrangement under section 99 of the Act has been made, each of those employers shall, unless the arrangement otherwise provides, be entitled under subsection (3) of section 85 of the Act to make the same deductions from any wages or other payments due by him to the workman as he would have been entitled to make if no such arrangement had been made, but where it is shown to the satisfaction of the Board that by reason of this provision the aggregate amount of the deductions made in the case of any workman is in excess of the amount which would have been deducted if he had, during the period in respect of which the deductions were made, been continuously employed under one employer, the workman shall be entitled on making application for the purpose to a local office at such times and intervals as the Board may fix to be repaid the amount of the excess :

Provided that no workman shall be entitled to any repayment under this Regulation in respect of any contributions which have already been taken into account for the purpose of determining the amount of unemployment benefit to which he may be entitled, or the amount which may be repayable under section 105 to an association in respect of that workman.

Miscellaneous Provisions.

35. Where during any period a workman has been employed by one employer partly in an insured trade and partly not in an insured trade, and contributions have by arrangement between the employer and the workman been paid as if the whole employment of that workman were in an insured trade, those contributions shall be deemed to have been duly paid in respect of employment in an insured trade.

36. Where any workmen employed in an insured trade are employed in or for the purposes of the business of any person (in this Regulation referred to as the substantial employer) by some other person who himself works wholly or mainly by way of manual labour in that business (in this Regulation referred to as the immediate employer), the substantial employer shall, unless the Board direct to the contrary, be treated for the purposes of Part II. of the Act as the employer of those workmen instead of the immediate employer, and shall be liable accordingly to perform the duties and pay the contributions required under the Act or these Regulations to be performed and paid by the employer of a workman in an insured trade :

Provided that—

(*a*) the substantial employer may deduct from any payments due from him to the immediate employer any sums paid by him as contributions on behalf of the workmen, and the immediate employer may deduct from the workmen's wages or from any other payments due from him to the workmen any sums deducted from payments due to him by the substantial employer; and

(*b*) any direction given by the Board under this Regulation shall not come into force until the expiration of seven days from the date thereof or such later date as may be specified in the direction.

37. As respects workmen employed by or under the Crown, these Regulations are subject to any Order in Council that may hereafter be made under subsection (3) of section 107 of the Act.

SCHEDULES.

First Schedule.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

Application by Workman for Unemployment Benefit, or Notification of desire to obtain Payment from an Association of Workmen.

I, *A.B.*,[1] [hereby apply for unemployment benefit] [desire to obtain payment in respect of unemployment from the , being an association of workmen with which an arrangement has been made under section 105 of the National Insurance Act, 1911.]

I hereby declare—

That the annexed particulars are correct;

That I am the person named as the holder in the book now lodged by me;

That the stamps affixed to the book so lodged have been affixed in respect of my employment in an insured trade;

That I am unemployed and unable to obtain suitable employment.

Particulars.

1. Age of Applicant. _____
2. Name, address, and business of last employer. _____
3. Position held by applicant under last employer. _____
4. Date of commencement of employment. _____
5. Date of termination of employment. _____

Signed _____

Address of Applicant _____

Date _____

[1] Strike out alternative which is not applicable.

SECOND SCHEDULE.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

APPLICATION BY AN ASSOCIATION FOR AN ARRANGEMENT UNDER SECTION 105 OF THE ACT.

The being an association of workmen within the meaning of section 105 of the National Insurance Act, 1911, hereby request the Board of Trade to make an arrangement with the association under the said section.

The association is [1] [not confined to any particular district] [confined to a particular district, namely].

The trades of the members of the Association are the following:—

The estimated number of the members of the Association who are workmen in an insured trade is .

A copy of the Rules of the Association is annexed to this application.

Signed_____
Secretary of the Association.

Address of the Association_____

Date_____

THIRD SCHEDULE.

PART I.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

APPLICATION FOR REFUND OF CONTRIBUTIONS IN RESPECT OF WORKMEN WORKING SHORT TIME.

I, *A.B.*, hereby apply to the Board of Trade under section 96 of the National Insurance Act, 1911, for a refund of contributions paid by me in respect of workmen employed by me who have been systematically working short time, and I hereby declare that the statements contained in the annexed particulars are to the best of my belief correct.

[*Add in a proper case.*] The Board of Trade, on the day of , 19 , gave their ruling that the circumstances under which, and the means by which, I proposed to effect a

[1] Strike out alternative which is not applicable.

reduction of working hours were such as to satisfy the requirements of the said section, and the reduction of work was carried out in accordance with the particulars and under the circumstances specified in the application on which that ruling was given.

Signed_____

Address of Applicant_____

Date_____

Particulars.

1. Period during which short time was worked. _____
2. Number of workmen employed on short time. _____
3. Amount paid by way of contributions in respect of which no deductions were made. _____

PART II.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

APPLICATION FOR A RULING IN RESPECT OF PROPOSAL TO WORK SHORT TIME.

I, *A.B.*, apply to the Board of Trade under section 96 (2) of the National Insurance Act, 1911, for a ruling as to whether the circumstances under which, and the means by which, I propose to effect a reduction of working hours, are such as to satisfy the requirements of that section.

The said circumstances and means are shown in the annexed particulars.

Particulars.

1. Business of applicant. _____
2. Estimated number of workmen whom it is proposed to put on short time. _____
3. Probable period and date of commencement of short time. _____
4. Usual hours worked on each day of the week when on full time. _____

5. Proposed method of reducing hours of work and number of hours proposed to be worked in each day of the week when on short time. _____

6. Nature and cause of depression in business. _____

Signed _____

Address of Applicant _____

Date _____

FOURTH SCHEDULE.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

NOTICE BY AN ASSOCIATION OF INTENTION TO APPLY FOR REPAYMENT UNDER SECTION 106 OF THE ACT.

1. The being an association of persons not trading for profit the rules of which provide for payments to persons whilst unemployed, hereby give notice to the Board of Trade of their intention to apply to the Board for a repayment under section 106 of the National Insurance Act, 1911.

2. The association [1] [is not registered under or in pursuance of any Act of Parliament] [the association was registered [1] [under] [in pursuance of] the on the day of].

3. The association is [1] [not confined to any particular district] [confined to a particular district, namely].

4. The trades of the members of the Association are the following :—

5. The estimated number of persons entitled by the Rules of the Association to payments whilst unemployed is .

6. The amount paid by the Association to persons whilst unemployed during each of the preceding three years was as follows :—

7. A copy of the Rule of the Association is annexed to this application.

Signed _____

Secretary of the Association.

Address of the Association _____

Date _____

[1] Strike out the alternative which is not applicable.

FIFTH SCHEDULE.

A.—FORM OF APPLICATION BY EMPLOYER.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

APPLICATION TO BOARD OF TRADE FOR THE RETURN OF CONTRIBUTIONS PAID IN ERROR.

I, *A.B.*, hereby apply to the Board of Trade in pursuance of Regulation 31 of the Unemployment Insurance Regulations, 1912, for the return of the contributions specified in the annexed particulars, being contributions paid by me in respect of the workman specified in the annexed particulars under the belief that he was a workman in an insured trade.

Particulars.

1. Nature of business. _____
2. Name of workman in respect of whose employment repayment of contributions is claimed. _____
3. Occupation of workman and exact description of work performed. _____
4. Whether workman is still employed by applicant. _____
5. Period of employment in respect of which repayment of contributions is claimed. _____
6. Total amount of contributions. _____

Signed _____

Address of Applicant _____

Date _____

B.—FORM OF APPLICATION BY WORKMAN.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

APPLICATION FOR THE RETURN OF CONTRIBUTIONS PAID IN ERROR.

I, *A.B.*, hereby apply to the Board of Trade in pursuance of Regulation 31 of the Unemployment Insurance Regulations, 1912, for the

return of the contributions specified in the annexed particulars, being contributions paid by me under the erroneous belief that I was a workman in an insured trade.

Particulars.

1. Period of employment in respect of which repayment of contributions is claimed. _____
2. Occupation of applicant and exact description of work performed. _____
3. Name, address, and business of employer. _____
4. Number and amount of contributions claimed to be paid in error. _____
5. Amount (if any) received in respect of unemployment benefit. _____

Signed _____

Address of Applicant _____

Date _____

(iii) Regulations under Section 99, dated 25th June, 1912.

The Board of Trade, in pursuance of Section 91 of the National Insurance Act, 1911, hereby make the following regulations under Section 99 of the said Act:—

1. The Board of Trade may, if they think fit, make an arrangement under Section 99 of the Act with any employer of workmen in the insured trades or with any employer in a trade in which workmen are extensively employed by way of casual labour, in respect of all of any of the workmen in his employ at the date of the arrangement, or engaged by him through a Labour Exchange and such arrangements shall be subject to the conditions prescribed by Regulations made by the Board of Trade and to any further conditions that may be agreed upon between the Board of Trade and the employer for the purpose of facilitating the arrangement.

2. Where any such arrangement provides for the undertaking by a Labour Exchange of any of the duties imposed on the employer under Part I. of the Act the following provisions shall apply:—

(i) The arrangement shall provide that the employer shall deposit with the Board a sum sufficient to cover the maximum amount of the contributions payable by the employer during the period of three months, or such less period as may be agreed upon between him and the Board, both on his own behalf and on behalf of the workmen in respect of whom the arrangement is made.

(ii) The arrangement shall be such as to make the position of the workman as regards obtaining possession and making delivery of his card substantially as favourable as if no arrangement had been made.

(iii) Every such arrangement shall provide for the payment by the employer of a sum calculated in accordance with a scale approved by the Treasury, on the basis of the cost to the Exchequer of performing on behalf of the employer such of the duties imposed on him by Part I. of the Act as are performed by the Board of Trade under the arrangement.

(iv) For the purpose of these Regulations the term "card" shall have the meaning attached to it in the National Health Insurance (Collection of Contributions) Regulations, 1912.

(iv) Emergency Book (Unemployment Insurance) Regulations, 1912, dated 1st July, 1912.

The Board of Trade, in pursuance of Section 91 of the National Insurance Act, 1911, hereby make the following Regulations:—

(1) These Regulations may be cited as the Emergency Book (Unemployment Insurance) Regulations, 1912, and shall come into operation on the 15th day of July, 1912. Subject to the express provisions of these Regulations they shall be read with the Regulations made by the Board of Trade on the 6th May, 1912.

(2) If an employer certifies to the Board of Trade that any workman employed or about to be employed by him in an insured trade after the date of the commencement of Part II. of the Act has not delivered or caused to be delivered to him an unemployment book in accordance with the Unemployment Insurance Regulations, 1912, the employer may, on furnishing the name and occupation of such workman to a Local Office, obtain an emergency book, and for the purpose of the provisions of those Regulations relating to the Stamping of books and to deductions from wages in respect of stamps affixed by employers (but not for any other purpose) an emergency book shall be deemed to be an unemployment book within the meaning of those Regulations.

(3) An emergency book shall be in such form as the Board direct, and shall be current during such period, not exceeding six weeks from the date of the issue thereof, as may be specified thereon, and shall at the end of such period or on the previous termination of the workman's employment be returned by the employer to the Local Office from which it was issued.

Provided that if the workman, before such date, delivers or causes to be delivered to the employer an unemployment book, in accordance with the Unemployment Insurance Regulations, 1912, the employer shall deliver the emergency book to the workman in exchange for the unemployment book.

(4) An emergency book shall not be deemed to be an unemployment book for the purpose of Regulation 10 (1) (*b*) of the Unemployment Insurance Regulations, 1912, and notwithstanding that contribu-

tions have been paid in respect of a workman by the affixing of stamps to an emergency book, he shall not be entitled to obtain unemployment benefit without first obtaining an unemployment book.

(v) Inspectors' (Unemployment Insurance) Regulations, 1912, dated 10th July, 1912.

The Board of Trade in pursuance of the powers conferred on them by the National Insurance Act, 1911, hereby make the following Regulation :—

(1) The certificate of appointment to be furnished under Subsection (5) of Section 112 of the National Insurance Act, 1911, to an Inspector appointed for the purposes of Part II. of that Act shall be in the form set out in the Schedule to these Regulations.

SCHEDULE.

Form of Certificate of Appointment of Inspector.

National Insurance Act, 1911.

(*Unemployment Insurance.*)

The Board of Trade hereby certify that

Inspector.

whose usual signature appears in the margin hereof, has been duly appointed an Inspector for the purposes of Part II. of the said Act, and as such Inspector to do all such things as by virtue of the said Act he has power to do for the purposes of the execution of the said Act. This appointment shall continue in force so long as the Board of Trade think fit and no longer.

Signed by Order of the Board of Trade this day of

Secretary to the Board of Trade.

Note.—The Inspector on applying for admission to any premises for the purposes of Part II. of the National Insurance Act, 1911, must, if so required, produce this certificate to the occupier. (National Insurance Act, 1911, Section 112 (5).)

[Subsections (1), (2), and (3) of Section 112 of the Act are to be set out in full on the back of the Certificate.]

INDEX.

(*References to the more important topics discussed are given in heavy type.*)

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